GSA Annual Performance Report

for Fiscal Year 1999

Prepared by the Office of the Chief Financial Officer

This report was submitted March 31, 2000 as required by law. Subsequently, a small number of figures have been changed to reflect final audit adjustments. These changes did not impact on the conclusions of thereport.

GSA Annual Performance Report

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Performance Report of the Office of the Inspector General

Introduction

As GSA celebrates its 50th year as a provider of workspace, technology, products, services and policy for the Federal Government, we continue to seek innovative ways to fulfill our mission in the new millennium.

GSA is the Federal government's central management agency for administrative services. GSA's mission is to provide policy leadership and expertly managed space, products, services, and solutions, at the best value, to enable federal employees to accomplish their missions. Our principal goals are to promote responsible asset management, to compete effectively in the federal market, to excel at customer service, and to anticipate future workplace needs. We believe that our dual policy and operational roles provide a unique capability to ensure high performance and cost effectiveness in federal work environments.

GSA has been the Federal government's "reinvention engine" of the 1990s, realigning our business lines and our workforce, and redefining our role. As a non-mandatory source of services, we are committed to adding value for all of our customers, with low-cost telecommunications services, efficient property management, and cost-effective Federal contracting vehicles. We are committed to thrilling our customers with innovative operating and policy solutions to meet their needs. We are moving toward more partnering, more alliances, joint ventures and outsourcing. For example, we have established partnerships with the Census Bureau and the Internal Revenue Service, in order to better meet their unique needs. We are creating an enduring legacy of public art and architecture. We are committed to measuring our performance against the best-in-class organizations, and our efforts are beginning to pay off. We are on the cutting edge in developing and implementing new information technology practices and solutions for electronic government, electronic commerce, and electronic security.

This enthusiasm for innovation is apparent in everything we do, under both our policy and operational roles. Our Office of Governmentwide Policy (OGP) provides the leadership needed to develop and oversee the implementation of policies designed to achieve the most cost-effective, innovative solutions for the delivery of administrative services. For example, we are working collaboratively with agencies on complex policy solutions for electronic commerce, including

smart card technology, leading the civilian sector in security solutions related to Internet use, promulgating regulations in plain language, and creating shared databases for interagency access through the Internet. GSA has been playing a leadership role in such efforts as the Vice President's Access America Plan to link the Government and the public together electronically.

We are fundamentally changing Government procurement, and technology is helping us pave the road to a new way of buying in the 21st century. To expand and promote electronic commerce, we made over 800,000 products available on-line by the end of FY 1999, through our *GSA Advantage!*, an Internet-based ordering system.

As we shift to new technology, we have been reviewing, along with our labor partners, the viability of the Federal Supply Service's national supply distribution system and the operations of the existing warehouses. On March 20, 2000, we announced that six of our eight supply distribution facilities would close by April, 2001, with the distribution centers at Burlington, New Jersey, and Stockton, California, remaining open and absorbing and adjusting work to accommodate the changes. The net result will be a streamlined distribution system, which will continue to serve customers, both foreign and domestic, at a reduced cost of operations.

Using obligations as an indicator of business volume, our fiscal year 1999 total program was $15.7 billion, most of which was funded from revenues from customer agencies for goods and services. GSA revenues have steadily grown each year, thanks to the successful strategies which make GSA an extremely competitive and cost-effective source of goods and services. It is also worthwhile to note that the vast majority of GSA funding – 93% – is ultimately channeled to the private sector. Of the $15.7 billion program, only $1 billion, about 7%, went for salaries and benefits of GSA personnel. The rest was contracted with private vendors for the purchase of goods and services.

At the same time, we have significantly streamlined our organization. Fiscal year 1999 employment was 14,063 full-time equivalents (FTEs). This level is almost 30% below fiscal year 1993 levels, and is 25,000 below our peak workforce of the early 1970's. We are, in fact, doing more - and doing it better - with less.

These accomplishments are both individually significant and a direct consequence of GSA's Strategic Plan, submitted to Congress in September, 1997 in accordance with the Government Performance and Results Act. The goals and objectives of the Strategic Plan have been translated into specific

performance goals under each of the agency's major programs, with output, outcome, or other performance measures used to gauge the success of the effort. The actual results against these measures for fiscal year 1999 are reflected in this Performance Report and are integrated into the detailed budget justification materials submitted to the Congress. We think that these results will demonstrate what we have long believed: that a dollar invested in GSA is taxpayer money well spent.

GSA earned an unqualified audit opinion for the twelfth consecutive year in FY 1999. The financial statements and the opinion letter from our outside auditors are contained in a separate document titled simply, *1999 Annual Report, U. S. General Services Administration,* which is also known as the "Accountability Report." That report can be found on the web at www.gsa.gov. It provides the financial context of our performance for fiscal year 1999.

In honor of our 50th anniversary, GSA pledges to appreciate the past and celebrate the future. We take pride in our performance and honor the people who forged the agency we are today.

FY 1999 GSA Performance against Performance Goals

The following pages contain a matrix showing summary data on the agency's performance in FY 1999 against the *GSA FY 1999/2000 Performance Plan* for the year that was submitted to Congress in accordance with the Government Performance and Results Act. This chart sets forth the performance goals and measures, the baseline performance in FY 1998, the FY 1999 target and the actual performance in FY 1999 against the targets for the year. In addition, the symbols in the far right column offer a quick at-a-glance indicator of performance on each goal. For example:

- Ý indicates that GSA's performance exceeded its FY 1999 target for that goal.
- Û indicates that GSA met the target.
- ß indicates that GSA did not meet its target on that goal.
- N/A indicates that GSA's performance against that goal could not be measured, either because a target had not been established or because measurement had not been completed.

In some cases, goals, measures, baselines or targets had been revised since the *GSA FY 1999/2000 Performance Plan* was adopted, and in one case, the goal was not implemented because it proved too difficult to measure.

The performance measures reported here are consistent with the *GSA Annual Report,* also known as the *Accountability Report,* which was submitted to Congress as a separate document.

PUBLIC BUILDINGS SERVICE PERFORMANCE MEASURES

Performance Goals	Performance Measures	FY 1998 Baseline	FY 1999 Actual	FY 1999 Target	FY 1999 Performance vs. Target
GOVERNMENT-OWNED OPERATIONS					
Optimize net revenue to fund capital programs.	Funds from operations, as calculated in dollars per square foot.	$4.89	$6.62	$5.44	**Ý**
Reduce the amount of non-revenue producing space in Government-owned buildings to maximize rental income.	Percent of Government-owned inventory not producing revenue.	16%	13.5%	14%	**Ý**
Maintain operations costs that are at or below market rates.	Percentage difference between GSA's operating costs per rentable square foot for office space and private sector costs.	11%	13%	11%	**Ý**
Reduce indirect costs as a percentage of revenue. (Revised)	Indirect costs as a percentage of revenue. (Revised)	No baseline established	8.3%	No target established	N/A
Reduce the number of buildings that have protection costs in the high range of the benchmark set by private sector experts while maintaining effective security in Government buildings.	GSA protection costs per square foot versus private sector costs per square foot.	Baseline and future targets to be established when study is completed.			N/A
Increase the percentage of our building tenants that are satisfied with our space and services.	IFMA tenant satisfaction ratings	80% 23.5% "very satisfied"	IFMA survey not final	81% 24% "very satisfied"	N/A
Achieve 100% accreditation of all eligible GSA child care centers.	Percent of eligible child care centers accredited.	70%	77%	80%	**ß**
Maintain/increase the number of children of Federal employees who receive care at GSA child care centers.	Children from Federal families as % of total receiving care in each GSA child care center.	50%	56%	50%	**Ý**

Performance Goals	Performance Measures	FY 1998 Baseline	FY 1999 Actual	FY 1999 Target	FY99 Act.vs. Target
PBS LEASING OPERATIONS					
Recover full costs (direct and indirect) associated with the leasing program, as measured by funds from operations per rentable square foot.	Funds from operations per rentable square foot.	-$0.64	-$.025	-$0.46	Ý
Minimize the amount of non-revenue producing space in the leased-space inventory.	Percent of Government-leased inventory not producing revenue.	7%	3.7%	3%	ß
Ensure that PBS costs for leased space are at or below commercial rates.	Comparison of PBS office space leasing costs per rentable square foot and commercial leasing costs per rentable square foot in major markets and by class.	4.9% below	2.2% below	3% below	ß
Reduce time required to lease space for Federal agencies.	Cycle time on leases (number of days from final requirements until lease award.	180 days	152 days	171 days	Ý
Increase tenant satisfaction with leased space.	Percent of tenants that rate PBS leased space and services as satisfactory or better on IFMA tenant satisfaction surveys.	80%	IFMA survey not final	81%	N/A
CONSTRUCTION AND ACQUISITION					
Complete construction projects on time.	Percent of construction projects delivered on time (weighted by cost).	77%	59%	78%	ß
Minimize cost escalations on construction projects.	Project escalations divided by value of construction projects completed each year.	2%	3.6%	2% or less	ß
Increase the percentage of tenants that are satisfied with our space and services in newly constructed buildings.	Percentage of tenants in newly constructed buildings that rate space and services as satisfactory or better.	90%	IFMA survey not final	90%	N/A
REPAIRS AND ALTERATIONS					
Complete repair and alterations projects on time.	Percent of repair and alterations projects delivered on time (Weighted by cost).	79%	69%	81%	ß
Minimize cost escalations on repair and alterations projects.	Project escalations divided by the value of repairs and alterations projects completed each year	2%	-2%	2% or less	Ý

PUBLIC BUILDINGS SERVICE PERFORMANCE MEASURES

Performance Goals	Performance Measures	FY 1998 Baseline	FY 1999 Actual	FY 1999 Target	FY 1999 Performance vs. Target
Meet client agency space needs at the best value to both the client and the taxpayer.	On-time performance guarantees paid vs. guarantees offered.	This measure was not implemented because of the cost and difficulty of entry, capture and reporting of supporting data.			N/A
PROPERTY DISPOSAL					
Dispose of excess property efficiently + effectively.	Dollars of disposals per dollar of resources.	17:1	14:1	15:1	ß

FEDERAL SUPPLY SERVICE PERFORMANCE MEASURES

Performance Goals	Performance Measures	FY 1998 Baseline	FY 1999 Actual	FY 1999 Target	FY 1999 Performance vs. Target
SUPPLY AND PROCUREMENT					
Hold costs at current levels while expanding supply and procurement support to Federal agencies, thereby reducing the cost per $100 sales by 25%.	Cost per $100 sales.	$3.51	$2.85	$3.08	Ý
Increase Federal agencies' use of GSA sources of supply by providing additional products and services and by making it easier to access FSS products and services.	Dollar volume of GSA supply and procurement programs.	$9.4 billion (revised baseline)	$12.6 billion	$11.1 billion (revised target)	Ý
Maintain the current proportion of Schedules contracts awarded to small businesses.	Percent of Schedule contracted awarded to small business.	77%	77%	77%	Û
Increase customer satisfaction with supply and procurement programs.	Percent of responses in the "highly satisfied" category.	61%	Results not final	63%	N/A

FEDERAL SUPPLY SERVICE PERFORMANCE MEASURES

Performance Goals	Performance Measures	FY 1998 Baseline	FY 1999 Actual	FY 1999 Target	FY99 Act vs. Target
Increase the number of products available to Federal customers via electronic systems and Internet connectivity	Number of products accessible through *GSA Advantage!™*	500,000	800,000	1 million	ß
VEHICLE ACQUISITION AND LEASING					
Offer an average 20% savings over commercial Black Book prices for 4-cyclinder compact sedans.	Percent savings compared to "Black Book" price.	20%	20%	20%	Û
Save taxpayers money by consolidating additional vehicles into GSA's fleet.	Average savings per vehicle consolidated into the fleet.	$1,200	$971	$913	Ý
Hold annual increases in the costs per mile for interagency fleet vehicles close to the inflation rate. (revised)	Rate of increase in costs per mile compared to inflation rate.	(no baseline— revised)	0.9%	2.9%	Û
Increase GSA interagency fleet share of Federal fleet.	Percent of Federal fleet operated by the GSA Interagency Fleet.	43% (revised baseline)	44%	44% (revised target)	Û
Increase customer satisfaction with Vehicle Acquisition and Leasing	Percent of respondents giving a "highly satisfied" rating.	74%	Results not final	78%	N/A
Fill 100% of requests for alternative fuel vehicles.	Percentage of requests filled.	100%	100%	100%	Û
TRAVEL AND TRANSPORTATION					
Achieve significant savings on Federal travel as compared with commercial prices.	Savings on government travel as a percent of the total commercial value of the same travel.	68%	68%	68%	Û
Reduce Government's transportation costs by recovering or avoiding excess charges through pre- and post-payment audits of freight and transportation charges.	Increased cost avoidance due to pre-payment audits.	$2.6 million	$3 million	$3 million	Û
	Maintain collections from post-payment audits.	$15.7 million	$17.5 million	$13 million	Ý

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FEDERAL SUPPLY SERVICE PERFORMANCE MEASURES

Performance Goals	Performance Measures	FY 1998 Baseline	FY 1999 Actual	FY 1999 Target	FY99 Act vs. Target

Maintain savings of 45–47% compared to commercial rates for shipment of freight and household goods, and for small package express delivery services.	% savings from commercial rates:
	  Freight
	
	  Household Goods
	
	  Small package express
		
		45%
		
		47%
		
		45%
			
			46%
			
			47.5%
			
			45%
				
				46%
				
				47%
				
				45%
					Û
					
					Ý
					
					Û

Increase customer satisfaction with FSS travel and transportation programs.	Customer satisfaction survey results:
	  Transportation
	  Travel
	Scale from 1 to 5
		
		4.13
		4.38
			
			Results not final
				
				4.5
				4.5
					N/A

Increase the percentage of audits performed electronically.	Percent of audits performed electronically	10%	25%	25%	Û
PERSONAL PROPERTY MANAGEMENT					
Maximize cost avoidance through reutilization and donation of excess Federal personal property.	New expenditures avoided through reutilization and donations of excess personal property.	$1.7 billion	$1.9 billion	$1.8 billion	Ý
Control costs while effectively performing utilization, donation and sales services.	Dollar volume of Utilization/Donation transfers per FTE Sales proceeds per FTE	$16.3 million $530,000	$17.9 million $1.1 million	$17.8 million $538,000	Ý Ý
Increase customer satisfaction with Personal Property Management services.	Percent of respondents who report being "highly satisfied."	63%	Results not final	65%	N/A

FEDERAL TECHNOLOGY SERVICE PERFORMANCE MEASURES

Performance Goals	Performance Measures	FY 1998 Baseline	FY 1999 Actual	FY 1999 Target	FY 1999 Performance vs. Target
Increase the FTS share of the Federal IT market.	Total business volume as a percent of the Federal IT market.	11.8% (revised to reflect OMB Exhibit 42)	13.7% (revised to reflect OMB Exhibit 42)	12.4% (revised to reflect OMB Exhibit 42)	Ý
Improve FTS culture to better serve customers and achieve business results.	Average percent to agree to categories on the annual culture survey.	66%	Survey not conducted in FY 1999	70%	N/A
Reduce acquisition cycle times.	Average calendar days to award contracts • Directed (8a) • Sole Source • Single Award • Multiple Award • Modifications	29 days 28 days 50 days 239 days 53 days	15 days 27 days 55 days 23 days 14 days	45 days 60 days 180 days 180 days 90 days	Ý (all types)
Increase FTS business volumes while covering all expenses.	Business volume [revenue plus pass-through funds] and excess revenues.	$3.8 billion $26 million	$4.5 billion $69 million	$4.1 billion $18 million	Ý
Increase customer satisfaction with FTS representatives and products/services.	Customer satisfaction ratings on annual FTS survey.	Baselines not determined	IT Solutions: Reps- 84.8% Services- 82.5% Network Svcs: Reps- 73.7% Services- 76.2%	Actual result used as target	Û Û
Develop new and enhanced service offerings	Number of contracts (valued over $100,000) awarded for new and enhanced service offerings.	433 contracts awarded	601 contracts awarded	Actual result used as target	Û

Performance Goals	Performance Measures	FY 1998 Baseline	FY 1999 Actual	FY 1999 Target	FY99 Act vs.. Target
FTS long distance prices are competitive with the lowest offerings of commercial prices.	Percent difference between FTS 2000 prices and commercial prices.	15.9% below commercial	15.5% below commercial (estimated)	Competitive with lowest commercial prices	Ý
Reduce average monthly local line rate	Average monthly line rate	$21.01 (revised baseline)	$19.74	$19.94	Ý

OFFICE OF GOVERNMENTWIDE POLICY PERFORMANCE MEASURES

Performance Goals	Performance Measures	FY 1998 Baseline	FY 1999 Actual	FY 1999 Target	FY 1999 Performance vs. Target
GOVERNMENTWIDE POLICY INFRASTRUCTURE					
Organize, lead and collaborate with Federal agencies to implement requirements of Federal laws and Executive Orders and address Governmentwide issues.	Number of areas with interagency committees	12 of 12	12 of 12	12 of 12	Û
Maintain up-to-date policies and guidelines for those areas in OGP's purview.	Percent of planned regulatory changes completed.	20%	58%	55%	Ý
Identify and publish best practices for those areas within OGP's responsibility.	Percent of processes completed.	50%	92%	71%	Ý
Develop and promote performance measurement systems for Governmentwide use.	Number of 12 OGP areas with performance measurement systems	1 of 12	7 of 12	7 of 12	Û

Performance Goals	Performance Measures	FY 1998 Baseline	FY 1999 Actual	FY 1999 Target	FY 1999 Performance vs. Target
Improve accessibility to shared databases and information on best practices and policies for Government, industry and the public's use.	Number of information systems accessible via the Internet.	7 of 9	7 of 9	8 of 9	ß
Establish policies, standards and best practices to help develop an interoperable, single face for Government electronic business transactions	(Revised) Number of: Governmentwide solutions/best practices	No baselines established	4	4	Û
	Governmentwide guidelines		3	3	Û
	Government/industry collaborative efforts to develop interoperability standards		4	5	ß
	Government/industry information sharing Initiatives		7	5	Ý
GOVERNMENTWIDE IMPROVEMENT INITIATIVES					
Establish and maintain a core curriculum of classroom and Internet-based courses and increase the number of training instances	New or revised courses developed	No baseline	4	3 (revised)	Ý
	Number of training instances. (A training instance is defined as one person completing one course session.)	849	11,157	2,500	Ý

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Performance Goals	Performance Measures	FY 1998 Baseline	FY 1999 Actual	FY 1999 Target	FY99 Act vs. Target
Improve the professional skills of present and future Federal IT leaders.	Number of Federal IT professionals in OGP IT leadership programs:				
	• 1,000 by the Year 2000	700	857	850	**Ý**
	• Trail Boss seminars	1,300	1,383	1,400	**ß**
	• Trail Boss Roundup	130	140	140	**Û**
	• IRMCO	250	460	300	**Ý**
Maintain a centralized database that contains sources of Y2K-certified hardware and software, status of agency Y2K compliance, and Federal, State, and local Y2K contingency plans.	Number of Y2K products available in COTS database	2,361	2,371	No target established	N/A
	Percent of Federal and State agencies providing information to database	92%	99%	100%	**ß**
Provide a "single point of entry" for industry to find opportunities to do business with the Federal government.	Number of agencies using Electronic Posting System	5	12	10	**Ý**
Provide a single electronic entry point to make Government information more accessible to the public.	Number of links by WebGov to other web sites. (revised)	No baseline	Developed beta version prototype website with 1,000 links	Develop beta version prototype website with 1,000 links	**Û**

III. PUBLIC BUILDINGS SERVICE

Executive Summary

Background

GSA's Public Buildings Service is the largest owner/operator of commercial-style real estate in the United States, managing more than 335 million square feet of space in office buildings, courthouses, laboratories and border stations. Approximately 55 percent of the space is in 1,900 government-owned buildings, housing nearly 500,000 employees. The remainder of the space and employees is housed in approximately 6,400 privately owned leased buildings. Our customers include all Federal departments, independent agencies and commissions, the Judiciary, and Members of Congress.

Our funding comes principally from the rents that we charge to the more than 100 Federal agencies we house. The rent revenues, amounting to approximately $5.4 billion in fiscal year 1999, are deposited into the Federal Buildings Fund (FBF) and are used to operate the government's buildings, pay rent to the private sector for our leased space, provide security, and underwrite our administrative costs. More than 90 percent of our spending in fiscal year 1999 was paid out in contracts with the private sector.

The PBS Vision

The PBS vision is to be recognized as the best public real estate organization in the world and to provide quality work environments for Federal employees.   As Commissioner Peck points out, "each GSA office building, laboratory, or courthouse is a symbol of our democracy; each is a significant public investment, an investment that must contribute to the vitality of its neighboring community." To achieve this vision, PBS continues to improve its internal operations by instilling accountability standards, benchmarking internally and against commercial equivalents, and emphasizing financial and other performance measures.   PBS is improving how it is perceived by its Federal customers and private partners. PBS strives to be a provider of choice for Federal agencies, to be easy to do business with, and to help Federal agencies utilize real estate more efficiently.

Program Highlights

Improved Performance through Businesslike Measures and Good Practices.

While we carry out the public buildings program in accord with government regulation, mandated contracting procedures and socio-economic preferences, we strive to operate more like a business. Our performance measurements link our budgeting process to performance in tangible ways. We have established nine performance measures, which have quickly become known as the "Big Nine" in our organization. These measures have allowed our 11 regions to compete among each other to do our business in the most cost effective, best, and fastest manner possible. Regional budget allocations and even individual bonuses are tied directly to a region's ability to meet specific performance improvement targets.

Measures help us distinguish excellence within PBS. In turn, identifying and disseminating Good Practices is becoming a PBS way of life. Our intent is to make Good Practices sharing as simple as possible. We collect, manage and market these good practices nationwide, accelerating the sharing of better procedures and lessons learned among all PBS offices. To date, we have identified and disseminated over 50 good practices serving to improve performance in key measurement areas.

Portfolio Prospective

Our Capital Investment and Leasing Program plays a key role in providing the necessary resources to maintain the current real property assets and acquire new or replacement assets. Proposed projects are evaluated in the context of the entire national portfolio. We consider three options for meeting our client agency requirements: construction and acquisition, repair and alteration, or leasing space from the private sector. When evaluating and prioritizing our capital program, we consider a number of factors:

- Economic justification in terms of financial return and present value cost;
- Project timing and execution;
- Physical urgency based on building conditions;
- Customer urgency; and
- Historic preservation and community considerations.

We use asset business plans to monitor the performance of Government-owned buildings under PBS management. These plans provide a common direction for the management, operation and use of assets and focus performance management down to the individual building. The asset business plan process won a 1999 Best Practice Award from the International Development Research Corporation, an organization of corporate real estate executives. Additionally, through our National Accounts Program, we develop strategic alliances to solve long-term housing needs for PBS customers

PBS has simplified its rent-pricing structure to more closely resemble commercial practice. Rents in owned space are based on market appraisals and, in leased space, on GSA's actual lease payments to the owner plus an administrative fee. Rents also include a basic security charge. Over the next five years, PBS plans to execute formal occupancy agreements (akin to private leases) with agencies for all existing assignments.

In addition to focusing on our bottom line, we have a broader goal of improving the benefits that Federal buildings bring to local communities across the country, recapturing the tradition of quality and vitality in Federal buildings that was begun by Washington and Jefferson. We are designing and constructing landmark public buildings that are efficient and dignified, sources of community pride, and positive government investments in their localities. Our urban livability program has improved the way we integrate our site and design decisions with local planning and development needs. We are making public building plazas centers of downtown activity, in the tradition of the American courthouse square. We have kicked off a First Impressions program to redesign the entry and lobby areas of our Federal buildings, making them more welcoming and functional as well as secure for the public and employees.

Building Security

PBS has a responsibility to the taxpayer and Federal employees to provide safe, open work environments that also reflect the openness of the Federal government. The nature of threats to Federal workers has broadened in recent years with the increase in terrorist incidents and workplace violence. The Federal Protective Service is evolving from a reactive posture of patrol and incident response to a proactive stance of crime prevention and threat reduction. Since the 1995 bombing of the Alfred P. Murrah Federal Building in Oklahoma City, we have doubled our rate of spending on building security, doubled the size of our uniformed force, and improved our security organization to upgrade its capabilities and focus it on the violent threats we face. PBS employs approximately 650 police officers, as well as physical security specialists, criminal investigators and contract guards. In addition, PBS has created new positions currently being filled by uniformed, multi-skilled officers who perform a wide range of physical security and law enforcement duties.

Property Disposal

PBS manages the use and disposal of excess and surplus Federal real property, which is redistributed to other Federal agencies, conveyed to State and local governments and eligible nonprofit institutions or sold to the general public. We act as a central property broker with an extensive network of market contacts in both the public and private

sectors. The office provides assistance and advice on complex disposal issues to Congress and other public and private organizations. Disposal actions range from releasing small easements to the conveyance of large, historically significant properties such as Governors Island in New York Harbor. In FY 1999, the value of disposed properties was $448 million, a 31% increase from $342 million in FY 1998.

PBS Performance in FY 1999

The implementation of performance measures in major program areas, and the linking of these measures to individual performance has caused a cultural change in PBS, resulting in improved performance, cost effectiveness and customer satisfaction. Employees are working together to achieve performance goals. They view the buildings they are responsible for as financial assets. In FY 1999, PBS improved performance from FY 1998 and reached or exceeded most of its key annual performance goals.

- ■ Funds From Operations (FFO) increased to $1.2 billion, up 38% since FY 1997. By pricing more realistically and reducing expenses, we have produced more net income to fund capital investment.

- ■ Indirect (overhead) costs were 10.3% of total revenue, down from 10.7% in FY 1998.

- ■ PBS reduced its average operating costs per rentable square foot of office space to $4.17 in FY 1999, 13% below comparable private sector costs. This exceeded the annual performance goal of being 11% below private costs.

- ■ Non-revenue-producing Government-owned space was reduced from 16% in FY 1998 to 13.5% in FY 1999. Over the same period, we reduced non-revenue-producing leased space from approximately 7% to 3.7%.

- ■ PBS completed both repair and alteration projects and construction projects within the target of 2% escalation.

- ■ PBS revenues in leased space substantially covered leasing costs for the first time in three years.

- ■ PBS completed 69% of repair and alteration projects delivered during FY 1999 on time against an 81% goal, and 59% of construction projects against a goal of 78%.

- ■ Customer satisfaction ratings increased from 74% in 1994 to 80% in FY 1998. The PBS long-term goal is to reach and maintain a satisfaction rating of 85%. The FY 1999 survey was conducted during January and February 2000 and the results will be reported ion our web site and in our next performance report.

- PBS lease costs were well within the range of equivalent commercial leasing costs. The average time to acquire leased space for PBS customers was reduced from 245 days in 1995 to152 days in FY 1999, beating the FY 1999 goal of 171 days.

- GSA operates 113 child care facilities serving both Federal employees and the public. Accreditation of these centers is occurring at a rate more than eight times that of the private sector. 77% of eligible centers are accredited, an increase of 7% over last year. This percentage is eight times the private sector mark.

Details of our performance are provided in the following pages.

PBS performance against FY 1999 targets is shown for each measure. If targets were not met, the reason and remedies are provided. If a new FY 2000 target was established or a new measure is planned, the rationale is given. Charts illustrating performance are included in the discussion, where appropriate.

Government-Owned Operations

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in real and personal property and maximize the Government's return on investment.

Performance Goal: **Optimize net revenue to fund capital programs (2-4% of Functional Replacement Value of $30 billion).**

The primary source of revenue to the Federal Buildings Fund is rental receipts from the tenant agencies we house. The majority of the revenue is used to operate buildings, lease space and provide continuity for our day-to-day operations. The remainder represents the funding available for capital investment: basic repairs, modernization and a modest new construction program.

Performance Measure (original): Funds From Operations

FFO is calculated as revenue minus funded operating expenses. FFO is an indicator of funding available for our capital investment program.

FY 1998 Baseline: $965 million ($4.89/sq. ft.)
FY 1999 Target: $1 billion ($5.44/sq. ft.)
FY 1999 Actual: $1.2 billion ($6.62/sq. ft.)
FY 2000 Target: The indicator for this measure will change

Funds From Operations Government- owned
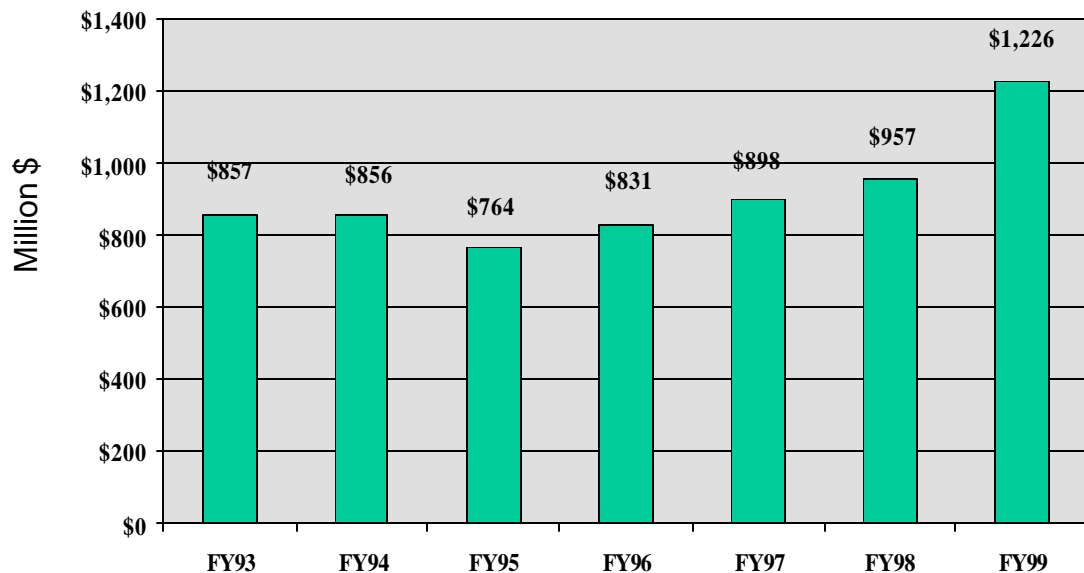
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Reasons for Success:

- Measuring performance and linking it to the budget has changed behavior throughout PBS and has led to improved performance. This has caused a shift in focus from the process of doing something to the result to be achieved.

- Targeted efforts of PBS's regional staffs to improve their performance against the measures that impact FFO (e.g. non-revenue producing space, operating costs, indirect costs, data accuracy, etc.). Employees are working together to meet or exceed performance goals.

- Strong partnering efforts with PBS's service providers at the local and national levels allowed us to reduce the cost of doing business, particularly in cleaning.

Reason for changing the measure:

Funds From Operations tracks actual revenue against actual expenses during the budget year. Although it is important to PBS as a measure of actual performance, it does not equate well to budget formulation and requests for new obligational authority. Therefore, we are using "contribution to capital investment" as a more appropriate method of linking requests to new obligational authority.

Performance Goal: **Generate a capital investment contribution of 2.5% to 4.5% of the functional replacement value (FRV) of the owned inventory.**

The primary source of revenue to the Federal Buildings Fund is rental receipts from tenant agencies. The majority of the revenue is used to operate buildings and to lease space. The remaining revenue "contributes" to capital investment: basic repairs, modernization and new construction. To the extent that PBS is successful in collecting revenue and reducing expenses, we generate this "contribution."

Performance Measure (revised): **The performance measure is "contribution" to capital investment generated as expressed in terms of an absolute dollar amount and percentage of Functional Replacement Value (FRV) of the owned inventory.**

"Contribution" is computed by subtracting obligations for Building Operations, Rental of Space and Installment Acquisition from the revenue.

Our performance targets are:

	Total Contribution	% of FRV
FY 1999 Actual:	$976 M	3.4%
FY 2000 Target:	$818 M	2.6%

Government-Owned Operations

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in real and personal property and maximize the Government's return on investment.

Performance Goal: **Reduce the amount of non-revenue producing space in Government-owned buildings to maximize rental income.**

Space that does not produce revenue reduces the amount of Funds From Operations and the "contribution" to capital investment that the Federal Buildings Fund generates. Non-revenue producing space includes space under alteration, space occupied by PBS and vacant available space. The information available on asset business plans enables building managers to judge the impact of vacant space on their individual building FFO targets.

Performance Measure: Percent of Government-owned inventory not producing revenue

FY 1998 Baseline:	16%
FY 1999 Target:	14%
FY 1999 Actual:	13.5%
FY 2000 Target:	13%

Space in the PBS Inventory Producing No Revenue
Government-owned

Line chart titled "Space in the PBS Inventory Producing No Revenue, Government-owned" with Y-axis "Rentable Sq.ft." ranging from 24,000,000 to 32,000,000 and X-axis showing Sep-98, Dec-98, Mar-99, Jun-99, Sep-99. Data points: Sep-98: 30,891,000; Dec-98: 27,887,000; Mar-99: 26,310,000; Jun-99: 25,826,000; Sep-99: 24,878,000 (13.5%).

Reasons for Success:

Regional staffs developed well thought out strategies to reduce non-revenue producing space in Government-owned and leased inventories. Vacant non-revenue producing space was substantially decreased by:

-   moving tenants out of expiring leased space to vacant Government-owned space.

-   making sound investments in improving vacant space though repairs and alterations projects. Regional staffs target a portion of R&A funds for space improvements necessary to meet the needs of new tenants.

-   out-leasing Government-owned vacant space. PBS employees are looking for creative solutions to out-lease space. For example, a nationally known seafood restaurant is leasing the first floor space at the Railroad Retirement Board building in Chicago, Illinois. In Boston, the old courthouse is now leased to the State Courts guaranteeing approximately $6 million per annum in rent.

Government-Owned Operations

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in real and personal property and maximize the Government's return on investment.

Performance Goal: **Maintain operations costs that are at or below market rates.**

By actively controlling cleaning, maintenance, and utility costs, PBS keeps its costs well below the industry average, provides our tenants with quality workspace, and contributes to our capital program. PBS has developed several sophisticated benchmarks to monitor operations costs—maintenance, utilities, and cleaning—in comparison with those in equivalent private sector buildings.

Performance Measure:

Percentage difference between GSA's operating costs per rentable square foot for office space and private sector costs. We obtain our private sector benchmarks from the Building Operations and Managers Association (BOMA) reports.

	Percent below private sector
FY 1998 Baseline:	11%
FY 1999 Target:	11%
FY 1999 Actual:	13%
FY 2000 Target: (original)	11%
FY 2000 Target: (revised)	12%

Total Operating Expenses

-24-
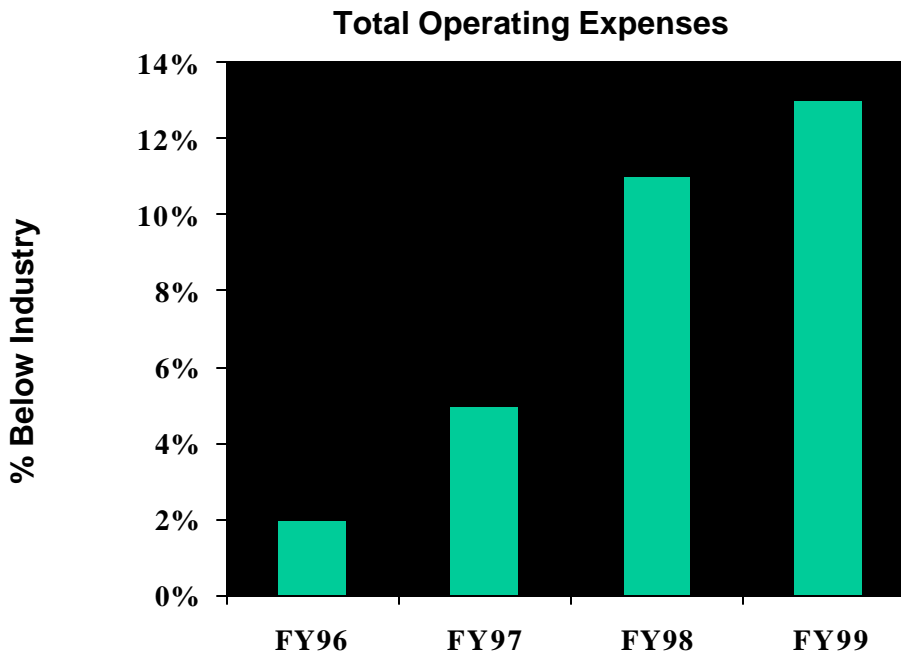
Reasons for Success:

- PBS took advantage of procurement reform initiatives to revise the way we contract for services. PBS uses performance-based service contracting mechanisms permitting contractors to focus on results, not process. This has lead to impressive reductions in cleaning and maintenance costs.

- PBS benchmarks operational costs with private sector. We use the industry benchmark as a tool to drive a fair price for contract services.

- PBS partners with its national providers to reduce costs and improve quality. For example, PBS and the National Industries for the Severely Handicapped (NISH) entered into a strong partnership to improve the competitiveness of NISH and PBS in delivering quality cleaning services. Sixty-nine percent of PBS's cleaning dollars are expended with NISH. As a result of this effort cleaning costs were reduced substantially while maintaining high quality standards.

Reason for changing the FY 2000 target:

We are changing the performance target for FY 2000 from 11 percent to 12 percent. Although this represents a level slightly below our actual performance in FY 1999, we think further reductions below 12 percent would negatively impact customer satisfaction. The results of our latest customer survey will provide data on which to set future targets.

Government-Owned Operations

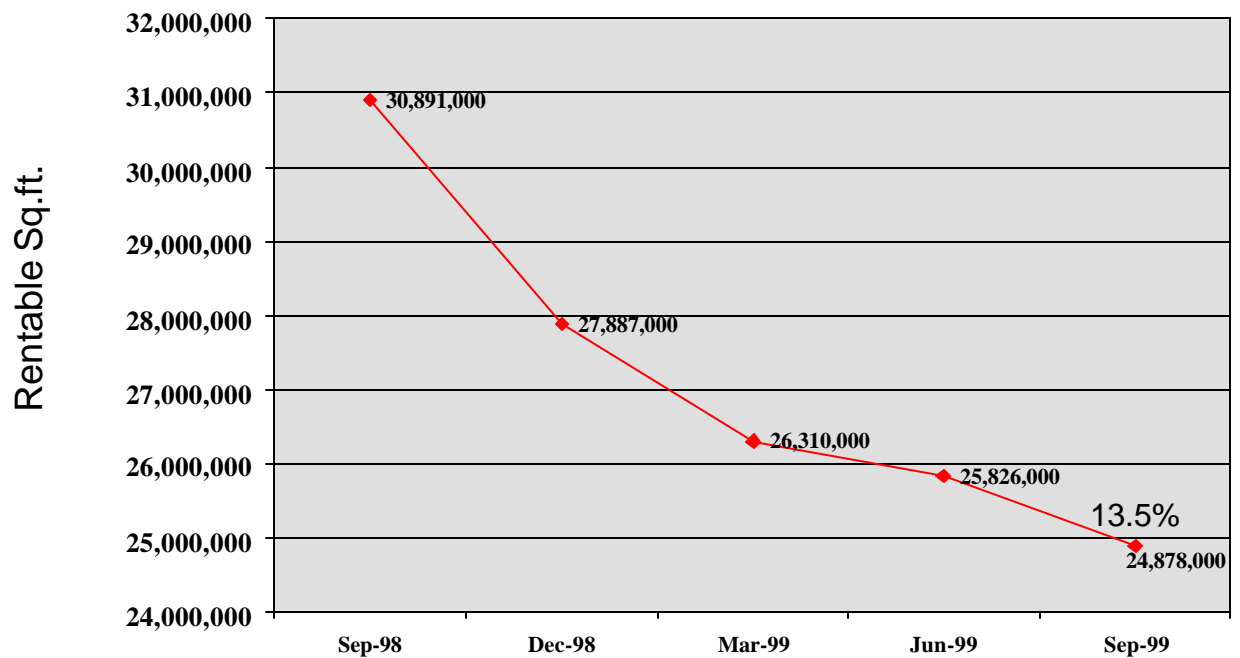|	
GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in real and personal property and maximize the Government's return on investment.

Annual Performance Goal: Reduce indirect costs

PBS defines as indirect those costs not directly charged to a building. This definition includes salary and support costs for headquarters and regional management, facility and realty service providers, information technology, common administrative services and financial services.

PBS is committed to an organizational infrastructure that provides the right mix of human, financial, information technology, management, and other resources at the right price. To help us determine the proper mix at the right price, we engaged Logistics Management Institute (LMI) to benchmark comparable portions of our indirect costs with private and public organizations. The results of the study were ambiguous because only one-third of the costs PBS defines as indirect are comparable to private sector indirect costs. However, of those costs we were able to directly compare, PBS was far below industry and government benchmarks.

As a result of the difficulty in making a meaningful private sector comparison, PBS used actual indirect costs for FY 1999 as the baseline for improvement. However, we will continue working to develop private sector benchmarks.

Performance Measure: Indirect costs as a percentage of revenue

> FY 1999 Baseline: 10.3%
> FY 2000 Target: 10.7%

The targets are based on budgeted indirect costs as a percent of revenue from operations.

Government-Owned Operations

GSA Strategic Goal	Compete Effectively for the Federal Market.
GSA Strategic Objective	Provide quality products and services at competitive prices and achieve significant savings for Federal agencies.

Performance Goal: **Reduce the number of buildings that have protection costs in the high range of the benchmark set by private sector experts while maintaining effective security in Government buildings.**

Performance Measure: (original) Protection cost-per-square-foot vs. private sector cost-per-square-foot.

(This has been replaced with an interim measure that will assess the quality of protection services. A new measure is under development to capture a cost element and assess overall threat.)

Reason for new measure:

In FY 1999, a security measure was developed that benchmarked PBS protection costs with the private sector. Once established it became readily apparent that protection services can not be measured by cost alone. A number of factors affect the level and quality of security provided in PBS's inventory. As a result, a new measure is under development that captures a cost element along with an overall threat assessment. This new risk assessment measure will be implemented in FY 2001.

In the interim, the quality of protection services will be assessed from the customer perspective utilizing customer satisfaction surveys administered by the Gallup Organization.

Performance Measure: (interim): Percentage of customers that rate the security of Government-owned and operated space as satisfactory or better.

FY 1998 Baseline:	80.5%
FY 1999 Target:	81.0%
FY 1999 Actual:	*
FY 2000 Target:	81.0%

- The results of our FY 1999 customer satisfaction survey will be available in April, 2000 and will be reported in our next Performance Report. Future surveys will be conducted in time to include the results in the Performance Plan and Report.

Government-Owned Operations

GSA	
Strategic Goal	Excel at Customer Service
GSA Strategic Objective	Incorporate customer feedback and customer satisfaction data in GSA's planning and decision-making processes.

Performance Goal: **Increase the percentage of our building tenants that are satisfied with our space and services.**

PBS provides quality space in a timely manner that is responsive to agency requirements. PBS polls agencies annually using a survey developed by the International Facilities Management Association (IFMA) to determine the level of customer satisfaction with building services we provide. These survey results allow PBS to focus efforts on problem areas and to improve the work environment of our tenants.

Performance Measure:

IFMA tenant satisfaction ratings. Percentage of tenants that rate PBS owned and operated space and services as satisfactory or better.

FY 1998 Baseline:	80%
FY 1999 Target:	81%
FY 1999 Actual:	*
FY 2000 Target:	82%
FY 2000 Target (revised)	81%

* The results of our FY 1999 customer satisfaction survey will be available in April, 2000 and will be reported in our next Performance Report. Future surveys will be conducted in time to include the results in the Performance Plan and Report.

Customer Satisfaction Survey

Reason for changing the FY 2000 target:

The FY 2000 target is changed from 82% to 81%. Since PBS began measuring customer satisfaction, we experienced significant movement from 74% in FY 1994 to 80% in FY 1998. As We become more experienced in managing by measures, we have become better in making connections across the business. PBS is attempting to strike a balance between reducing operating costs while continuing to improve customer satisfaction. During the coming year, PBS will be analyzing the most recent customer satisfaction data to determine the relationship. Once this work is done, PBS will revise customer satisfaction targets moving toward the long-term customer satisfaction goal of 85%.

Government-Owned Operations

GSA Strategic Goal	Compete Effectively for the Federal Market.
GSA Strategic Objective	Increase market penetration to maximize service to Federal agencies and effect the greatest advantage to the Government.

Performance Goal: **Maintain/increase the number of children of Federal employees who receive care at GSA child care centers.**

Performance Measure: Number of children from Federal families as a percent of total children receiving care in each GSA child care center.

FY 1998 Baseline:	50%
FY 1999 Target:	50%
FY 1999 Actual:	56%
FY 2000 Target: (original)	50%
FY 2000 Target: (revised)	58%

Child Care Operations
Percent of Children Receiving Care

-30

-
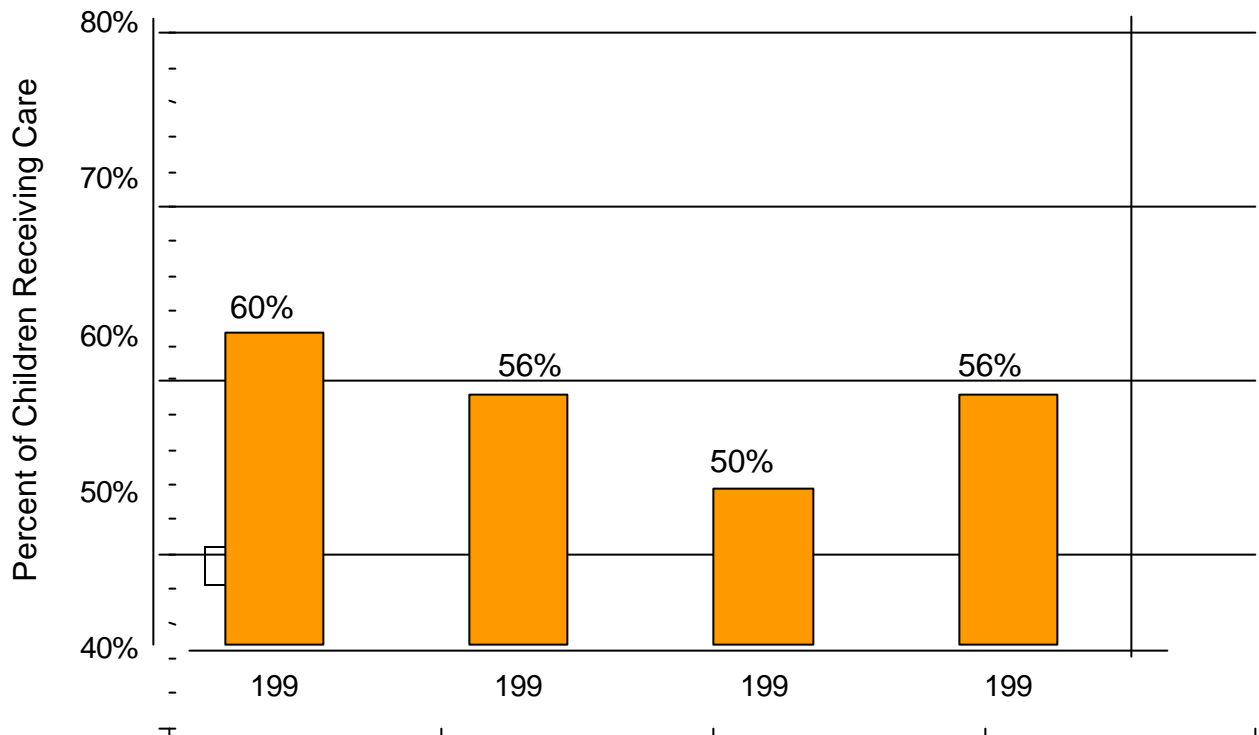
Reasons for Success:

- Innovative partnerships with local communities, states and Head Start have helped bring extra resources to the centers which has helped us reach more Federal employees and increase our Federal utilization.

- Increased efforts to refine the programs in our centers, adding and modifying classrooms to meet needs of the federal workforce.

Reason for changing the FY 2000 target:

We have increased the target from 50% to 58% to focus our effort to provide the Federal worker with needed, family-friendly, child care facilities.

Our challenge remains to find ways to make the cost of care more affordable for federal families. GSA, in partnership with union representatives, has recently proposed a tuition subsidy plan to help make child care more affordable for its lower-income employees.We will track the impact of Public Law 106-58, which authorizes Federal` agencies to use appropriated funds to assist their lower income employees with the cost of child care.

Government-Owned Operations

GSA Strategic Goal:	Anticipate Future Workforce Needs.
GSA Strategic Objective:	Ensure that all Federal buildings in the GSA inventory meet the highest Federal standards in terms of accessibility, energy consumption, systems, and technology.

Performance Goal: **Achieve 100% accreditation of all eligible GSA child care centers**.

Performance Measure: **Percent of eligible child care centers accredited by the National Association for the Education of Young Children.**

FY 1998 Baseline: 70%
FY 1999 Target: 80%
FY 1999 Actual: 77%
FY 2000 Target: (original)   100%

Child Care Operations
Percent of Eligible Centers Accredited

-32-
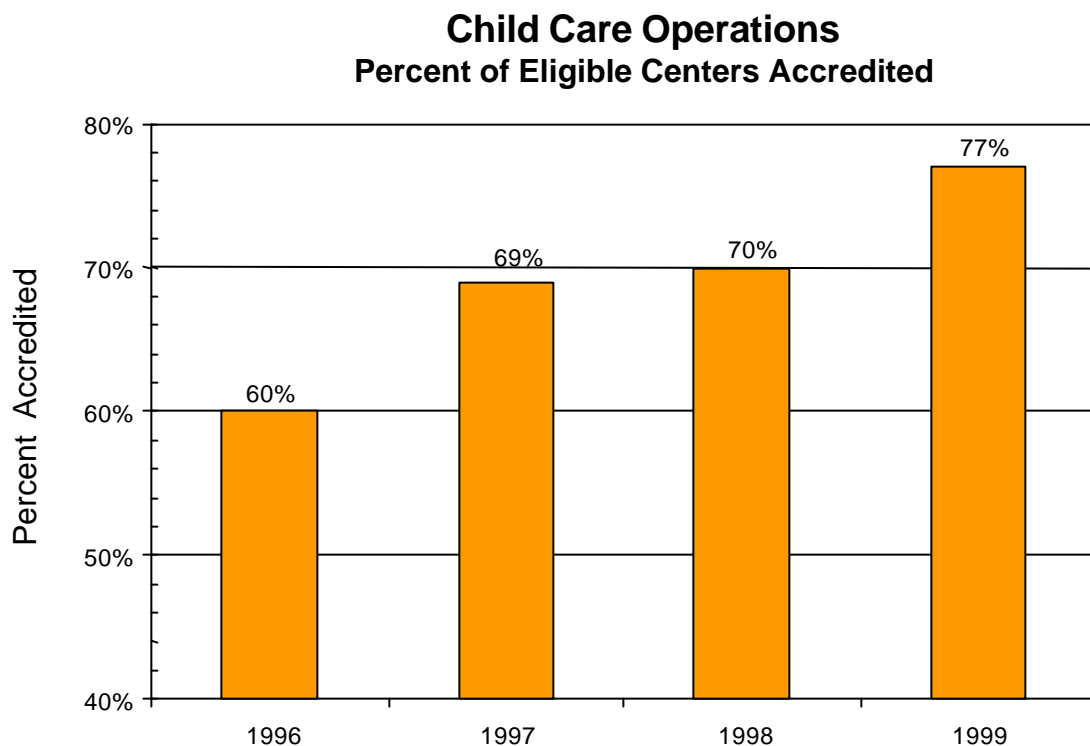
Reason for not achieving target:

- Popularity of the program has created long delays in the actual process. The process currently takes as long as ten months, six months longer than originally projected.

Accreditation of our child care centers continues to be our highest priority. We are proud of our significant progress in accreditation. In the past year, 13 centers were brought up to accreditation standards. This is an increase of ten percent, the largest, single increase in five years. Our accreditation rate is eight times that of the private sector. We are facing some difficult challenges, but we remain committed to achieving our goal, and plan the following strategies for continuous improvement:

- continue with the modernization program for the existing child-care centers, thereby resolving any facility issues that are a barrier to accreditation.

- continue to work with the regions on individual center accreditation plans.

- monitor individual center performance and recommend changes in management where necessary.

Leasing Operations

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in real and personal property and maximize the Government's return on investment.

Performance Goal: **Recover full costs (direct and indirect) associated with the leasing program, thus minimizing the effect on resources available to fund capital programs.**

The primary source of revenue to the Federal Buildings Fund is rental receipts from the tenant agencies we house. The majority of the revenue is used to operate buildings, lease space and provide continuity for our day-to-day operations. The remainder represents the funding available for capital investment: basic repairs, modernization and a modest new construction program.

Performance Measure: Funds From Operations.

FFO is calculated as revenue minus funded operating expenses and is an indicator of funding available for our capital investment program.

FY 1998 Baseline: - $104 million   (- $.64/sq. ft.)
FY 1999 Target: - $ 71 million   (- $.46/sq. ft.)
FY 1999 Actual: - $ 39 million   (- $.25/sq. ft.)
FY 2000 Target: Beginning in FY 2000, included in the capital
                               investment contribution measure.
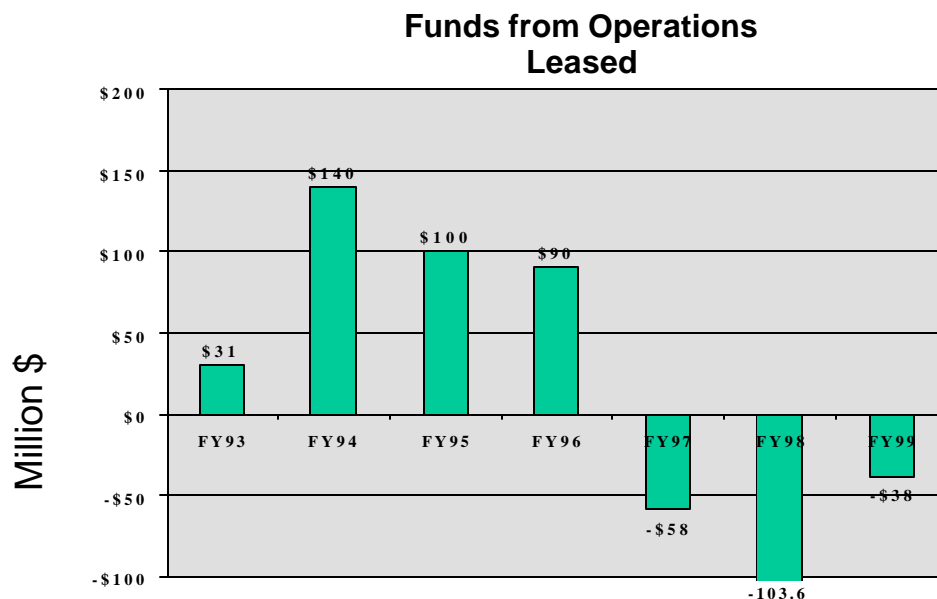
Funds from Operations
Leased

-34-

Reasons for Success:

- Measuring performance and linking it to the budget has changed behavior throughout PBS and has led to improved performance. This has caused a shift from the process of doing something to the result to be achieved.

- Targeted efforts of PBS's regional staffs to improve their performance against the measures that impact FFO (e.g. non-revenue producing space, lease costs, indirect costs, data accuracy, etc.) Employees are working together to meet or exceed performance goals.

Reason for changing in FY 2000:

Beginning in FY 2000, with full implementation of new pricing, our leasing costs become a pass through to our customers and should have minimum impact on our funding. Any impact on the funding available for our capital investment program is reflected in our "contribution" measure.

GSA	
Strategic Goal	Promote Responsible Asset Management
GSA Strategic	Conserve taxpayer investment in real and personal property
Objective	and maximize the Government's return on investment.

Performance Goal: **Minimize the amount of non-revenue producing space in the lease inventory.**

Lease space that does not produce revenue reduces the amount of "contribution" for capital investment the Federal Buildings Fund generates. Non-revenue producing space includes space under alteration, space occupied by PBS, and vacant available space. Reducing non-revenue producing space increases available funds for repairs and alterations and other capital improvements.

Performance Measure: Percent of Government lease inventory not producing revenue.

FY 1998 Baseline:	7%
FY 1999 Target:	3%
FY 1999 Actual:	3.7%
FY 2000 Target: (original)	2%
FY 2000 Target: (revised)	3.6%

Space in the PBS Inventory Producing No Revenue
Leased
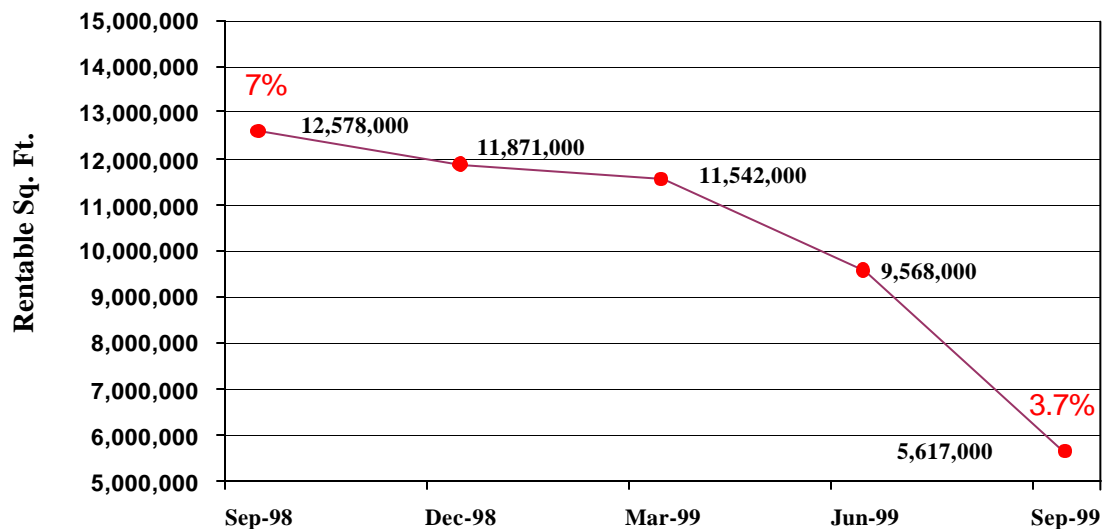
Reason for not achieving target:

While we achieved a substantial decrease in the percentage of lease space producing no revenue, we ended the year .7 percent short of our goal.

PBS established a task force to study the vacant non-revenue producing space in our lease inventory. The task force identified a number of root causes contributing to our success and opportunities for improvement. The task force noted that a sizeable portion of vacant space is transitional, that is, vacancy at the beginning and end of leases. To involve our customers in the solution, PBS developed and now uses a performance clause in our occupancy agreements, requiring tenant agencies to meet necessary deadlines for space moves or pay the costs.

Reason for changing the FY 2000 target:

The original target was developed during our conversion to a new real estate information system and a change in the methodology we use to measure our inventory. This caused us to underestimate the projection of non-revenue producing space and set a target that was too aggressive.

GSA
Strategic Goal: Compete Effectively for the Federal Market

GSA Strategic Provide quality products and services at competitive prices
Objective: and achieve significant savings for Federal agencies.

Performance Goal: **Ensure that PBS cost for leased space is at or below commercial rates.**

PBS must provide competitive rent rates if it is to be the provider of choice. For a variety of reasons such as tenant build-out requirements, space availability and lead time, a certain number of leases fall into the high range of market rates. To minimize those falling in the high range, we work with our customer agencies to identify and develop their requirements and match their needs at a cost that is at or below the private sector.

Performance Measure: Comparison of PBS office space leasing costs with commercial leasing costs per rentable square foot for comparable space in major markets.

	% per sq. ft. vs Private Sector	% of lease cost below
FY 1998 Baseline	(- 4.9%)	98.4%
FY 1999 Target	(- 3.0%)	
FY 1999 Actual:	(- 2.2%)	98.7%
FY 2000 Target:		98.8%

Comparison of PBS Leased Office Space Costs with Equivalent Commercial Leasing Costs
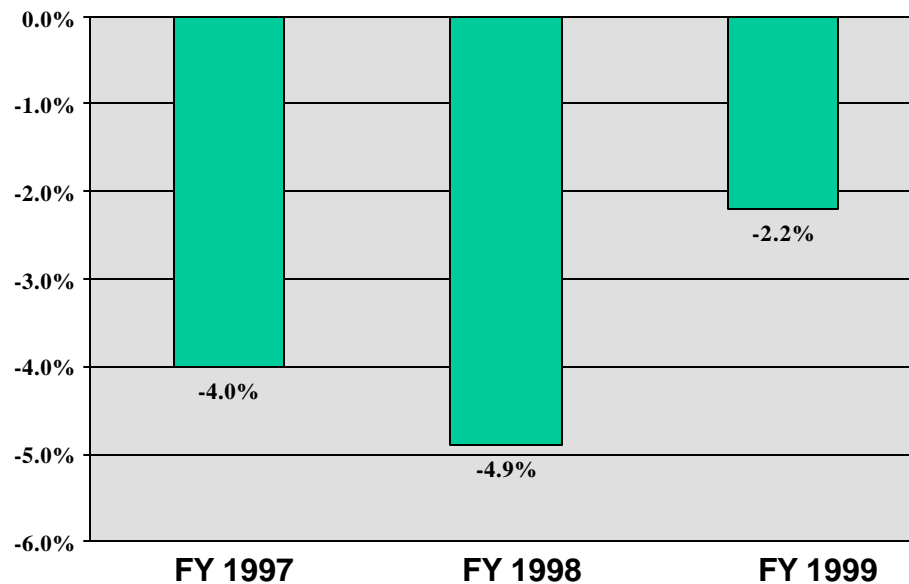
Reason for Success:

- PBS benchmarks leasing costs with independent industry benchmarks. Since adopting this process, PBS has seen a dramatic change in our leasing rates. PBS regional staffs have taken the industry benchmarks seriously. The benchmarks, obtained from the Society for Industrial and Office Realtors (SIOR), has become the starting point for many lease negotiations.

- PBS realty staffs, already knowledgeable of their current markets, are continuing their learning and growth by partnering with contract brokers. In-house realty specialist and contract brokers work together on leasing deals, freeing up PBS resources to better manage the customer relationship and the overall leasing program.

Reason for changing the measure:

Starting in FY 2000, this measure will change to the percentage of annual lease costs for new leases that are at or below private sector benchmarks. The target will be 98.8% in FY 2000 and 98.9% in FY 2001. The calculations for the original measure were confusing to those outside of the real estate community. The new method of measurement is easier to understand.

Leasing Operations

GSA Strategic Goal	Compete Effectively for the Federal Market
GSA Strategic Objective	Provide quality products and services at competitive prices and achieve significant savings for Federal agencies.

Performance Goal: **Reduce time required to lease space for Federal agencies.**

Since PBS instituted its "Can't Beat GSA Leasing" program in FY 1996, we have been changing our policies and simplifying procedures to improve delivery time. We continued to improve our processes for procuring leased space so that we could reduce lease acquisition time and meet customer agency needs in a timely manner.

Performance Measure: Cycle time on leases (Number of days from final requirements until lease award**)**

FY 1995 Baseline:	245 days
FY 1998 Actual:	175 days
FY 1999 Target:	171 days
FY 1999 Actual:	152 days
FY 2000 Target:	163 days

Cycle Time for New Leases
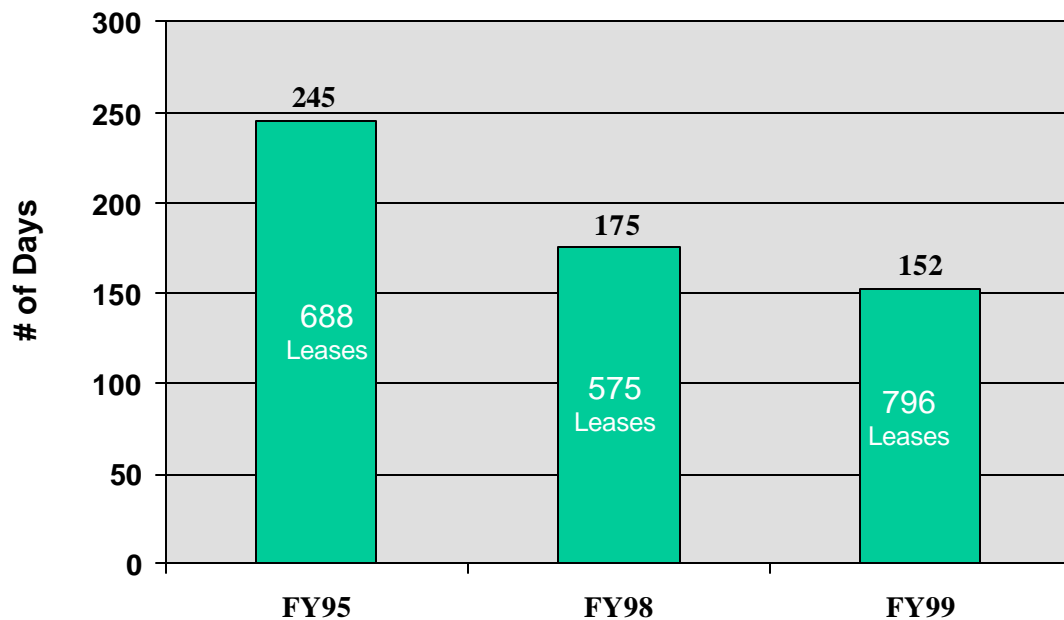
Reasons for Success:

- PBS staffs have clearly exceeded expectations. Cycle time for new leases in FY 1999 was set at 171 days. The actual cycle time was 152 days.

- Can't Beat GSA Leasing, implemented in 1997, provided new opportunities to simplify the leasing process and make Federal leasing more attractive to private lessors.

- PBS regions continue to find ways to improve the leasing process through the increased use of brokers and other real estate service contracts. This has freed up limited PBS staff to focus more on managing the program and the customer relationship.

The FY 2000 goal of 163 days is reasonable even though it is greater than the FY 1999 actual cycle time of 152 days. The large number of smaller "Census" leases lowered the average cycle time in FY 1999, a one-time occurrence that will not repeat next year.

We did not include this goal in our FY2001 Performance Plan. Reducing cycle time, alone, does not necessarily equate to meeting customer needs. Attention to the customer's required delivery time frame is more important than a shortened cycle time. We will continue to track this measure internally.

GSA Strategic Goal	Excel at Customer Service.
GSA Strategic Objective	Incorporate customer feedback and customer satisfaction data in GSA's planning and decision making processes.

Performance Goal: Increase tenant satisfaction with leased space.

PBS provides quality space in a timely manner that is responsive to agency requirements. PBS polls agencies annually using a survey developed by the International Facilities Management Association (IFMA) to determine the level of customer satisfaction with building services we provide. These survey results allow PBS to focus efforts on problem areas and improve the work environment of our tenants.

Performance Measure:

IFMA tenant satisfaction ratings. Percentage of tenants who rate PBS leased space and services as satisfactory or better.

FY 1998 Baseline:	80%
FY 1999 Target:	81%
FY 1999 Actual	*
FY 2000 Target:	82%
FY 2000 Target (revised)	81%

The results of our FY 1999 customer satisfaction survey will be available in April, 2000 and will be reported on our web site and in our next Performance Report. Future surveys will be conducted in time to include the results in the Performance Plan and Report.

**Customer Satisfaction Survey
Leased**
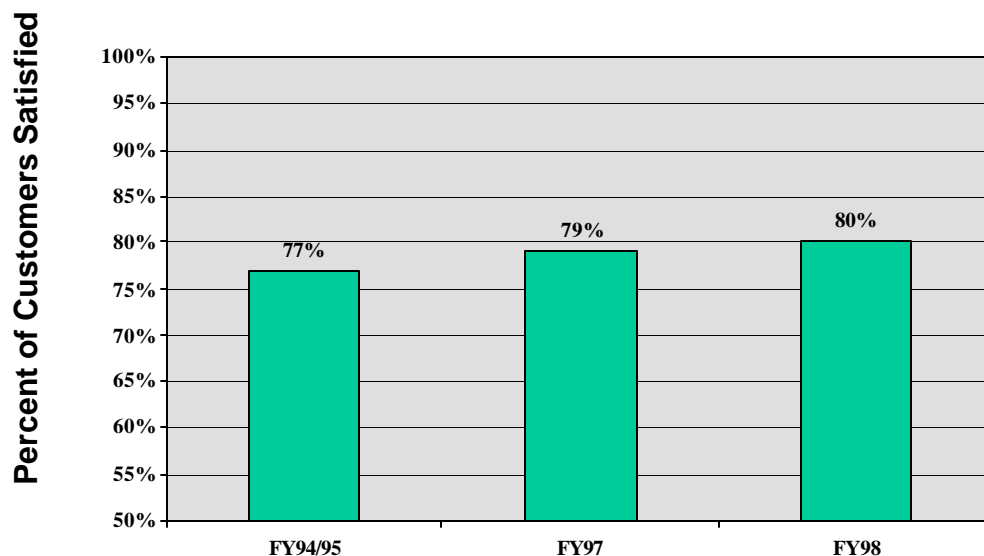
Reason for changing the FY 2000 target:

The FY 2000 target is changed from 82% to 81%. Since PBS began measuring customer satisfaction, we experienced significant movement from 74% in FY 1994 to a FY 1998 result of 80%. As PBS becomes more experienced in managing by measures, we have become better at making connections across the business. PBS is attempting to strike a balance between reducing operating costs while continuing to improve customer satisfaction scores. During the coming year, PBS will be analyzing the most recent customer satisfaction data to determine how low operating costs can be moved without impacting customer satisfaction. Once this work is done, PBS will revise customer satisfaction targets moving toward the long-term customer satisfaction goal of 85%.

*Co**nstruction and Acquisition***

GSA Strategic Goal	Promote Responsible Asset Management.
GSA Strategic Objective	Conserve taxpayer investment in real and personal property and maximize the Government's return on investment.

Performance Goal: **Complete all construction projects on time.**

PBS financial projections include rental income from new construction projects as of the anticipated date of occupancy. It is, therefore, critical that projects be completed on time so that they can begin to generate expected revenue.

Performance Measure: **Percent of construction projects delivered on time. (Weighted by cost.)**

>   FY 1998 Baseline: 77%
>   FY 1999 Target: 78%
>   FY 1999 Actual: 59%.
>   FY 2000 Target: (See note below)

Reason for not achieving target:

- The target was not achieved because two of the largest construction projects, Santa Ana Courthouse and Sacramento Courthouse both in California and completed in FY99 exceeded their scheduled delivery date.
- In both cases, PBS experienced significant problems with the engineering and fabrication of the curtain wall and building shell.
- Since that time PBS has established a Construction Excellence (CE) program which is the flip side to PBS's well-recognized Design Excellence program. Construction excellence provides some new thinking, reflecting industry practice, in the contracting and management of construction. CE moves PBS contracting from reliance on low bid contracting toward best value contracting methods.
- PBS contractor selection is now predicated on evidence of qualifications and a demonstrated, consistent ability to properly coordinate work on large projects and a solid track record of dealing with scope, budget and schedule.

Reason for changing the measure:

To continually improve the way PBS measures this program, we have developed a new performance measure for construction and acquisition and repairs and alterations projects. The revised measure will continue to track the delivery of projects by completion date and budget. The measure, however, will go one step further. It will identify any beneficial or adverse impact of project delivery or budget changes, and will quantify the impact in net present value (NPV) dollars. We expect this revised measure to be fully developed and implemented in FY 2000. This measure is a more definitive indicator in assessing program performance.

Construction and Acquisition

GSA Strategic Goal	Promote Responsible Asset Management.
GSA Strategic Objective	Conserve taxpayer investment in real and personal property and maximize the Government's return on investment.

Performance Goal: **Minimize cost escalations on construction projects.**

PBS manages the construction program within budget as provided by Congress. Projects are considered within budget until PBS escalates or requests a reprogramming for the project.

Performance Measure: Project escalations divided by value of construction projects completed each year**.**

FY 1998 Baseline:	2%
FY 1999 Target:	2%
FY 1999 Actual:	.8%
FY 2000 Target:	(See below.)

Reason for Success:

- Established and maintained good working relationships with contractors, A/Es, tenant representatives, and other stakeholders through formal "partnering" for the duration of the project.
- Controlled changes to the projects through effective communication and continuous coordination with A/Es, tenant representatives, contractors and stakeholders.
- Coordinated requests for changes with asset team members and evaluated the total impact of any proposed contract change.

While PBS was able to meet this goal, any escalation above the initial budget has an impact on funds available to other programs.

Reason for changing the measure:

To continually improve the way PBS measures this program, we have developed a new performance measure for construction and acquisition and repairs and alterations projects. The revised measure will continue to track the delivery of projects by completion date and budget. The measure, however, will go one step further. It will identify any beneficial or adverse impact of project delivery or budget changes, and will quantify the impact in net present value (NPV) dollars. We expect this revised measure to be fully developed and implemented in FY 2000. This measure is a more definitive indicator in assessing program performance.

Construction and Acquisition

GSA Strategic Goals	Excel at Customer Service and Compete effectively for the Federal Market.
GSA Strategic Objective	Incorporate customer feedback and customer satisfaction data in GSA's planning and decision making processes**.**

Performance Goal: **Increase the percentage of tenants that are satisfied with our space and services in newly constructed buildings while meeting agency space needs at best value to the taxpayer.**

PBS achieves and maintains a high level of satisfaction among tenants of newly constructed buildings by providing quality space and services at competitive prices and achieves significant savings for Federal agencies.

Performance Measure: Percentage of tenants in newly constructed buildings that rate space and services as satisfactory or better**.**

FY 1998 Actual:	90%
FY 1999 Target:	90%
FY 1999 Actual:	*
FY 2000 Target:	90%

 * The results of our 1999 customer satisfaction survey will be available in late April, 2000. Future surveys will be conducted in time to include the results in future Performance Plans and Reports.

Repairs and Alterations

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in real and personal property and maximize the Government's return on investment.

Performance Goal: **Complete all repairs and alterations projects on time**

PBS financial projections include expected rental income from buildings undergoing modernization. As with new construction, completing these modernization projects on schedule ensures that they can be occupied and begin to generate revenue as planned.

Performance Measure: Percentage of repairs and alterations projects delivered on time. (Weighted by cost)

FY 1998 Baseline:	79%
FY 1999 Target:	81%
FY 1999 Actual:	69%
FY 2000 Target:	(See note on following page.)

Reason for not achieving target:

- The target was not achieved due to a variety of issues and conditions impacting PBS delivery of the Repairs and Alterations program. These include but are not limited to redesign caused by unforeseen site conditions, changing tenant requirements and poor contractor performance. Some of the performance problems resulted in contract termination.

- PBS is making improvements to its construction, and repair and alteration programs. Over the past several years PBS has:

  - Set-up a strong project management organization to keep the goals of scope, schedule and budget in the forefront of all decision making related to projects. The project management organization is also the source of well-qualified project managers for deployment to major projects across the country.
  - PBS has established a Construction Excellence (CE) program, which is the flip side to PBS's well-recognized Design Excellence program.   Construction excellence provides some new thinking, reflecting industry practice, in the contracting and management of construction. Among other things, CE moves PBS contracting from reliance on low bid contracting toward best value contracting methods.
  - PBS contractor selection is now predicated on evidence of qualifications and a demonstrated, consistent ability to properly coordinate work on large projects and a solid track record dealing with scope, budget and schedule.

Reason for changing the measure:

To continually improve the way PBS measures this program, we have developed a new performance measure for construction and acquisition and repairs and alterations projects. The revised measure will continue to track the delivery of projects by completion date and budget. The measure, however, will go one step further. It will identify any beneficial or adverse impact of project delivery or budget changes, and will quantify the impact in net present value (NPV) dollars. We expect this revised measure to be fully developed and implemented in FY 2000. This measure is a more definitive indicator in assessing program performance.

Repairs and Alterations

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in real and personal property and maximize the Government's return on investment.

Performance Goal: **Minimize cost escalations on repairs and alterations projects**

Our modernization projects are planned with an expected return on investment. If projects are more expensive than planned, we will receive a lower return on investment than expected. While we traditionally use savings from some modernization projects to cover cost overruns in others we strive to ensure that every project will perform well financially.

Performance Measure: Project escalations divided by value of repairs and alterations projects completed each year**.**

FY 1998 Baseline:	2%
FY 1999 Target:	2%
FY 1999 Actual:	-2%
FY 2000 Target:	(See note below)

Reason for Success:

- Established and maintained good working relationships with contractors, A/Es, tenant representatives, and other stakeholders through formal "partnering" for the duration of the project.
- Controlled changes to the projects through effective communication and continuous coordination with A/Es, tenant representatives, contractors and stakeholders.
- Coordinated requests for changes with asset team members and evaluated the total impact of any proposed contract change.

Reason for changing the measure:

To continually improve the way PBS measures this program, we have developed a new performance measure for construction and acquisition and repairs and alterations projects. The revised measure will continue to track the delivery of projects by completion date and budget. The measure, however, will go one step further. It will identify any beneficial or adverse impact of project delivery or budget changes, and will quantify the impact in net present value (NPV) dollars. We expect this revised measure to be fully developed and implemented in FY 2000. This measure is a more definitive indicator in assessing program performance.

Repairs and Alterations

GSA Strategic Goal	Compete Effectively for the Federal Market.
GSA Strategic Objective	Provide quality products and services at competitive prices and Achieve significant savings for Federal agencies.

Performance Goal: **Meet client agency space needs at the best value to the client and the taxpayer.**

Performance Measure: On-time performance guarantees paid vs. guarantees offered.

This measure was not implemented because of the high cost and difficulty of entering, capturing and reporting the necessary supporting data.

Property Disposal

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayers' investment in real and personal property and maximize the Government's return on investment.

Performance Goal: **Dispose of excess property efficiently and effectively.**

PBS provides real estate consulting services that meet the Government's needs. If property is underutilized, PBS works with the client agency to release the property for excess. If the property is deemed surplus, we manage the disposal process to ensure the laws are followed and taxpayers receive maximum return on their investment.

Performance Measure: **Dollars of disposals for each dollar of resources**

FY 1998 Baseline:	17:1	($341.2 million: $20 million)
FY 1999 Target:	15:1	($421.0 million: $28 million)
FY 1999 Actual:	14:1	($421.0 million: $29 million)
FY 2000 Target:	15:1	($475.0 million: $31 million)

Dollars of disposal/dollars invested
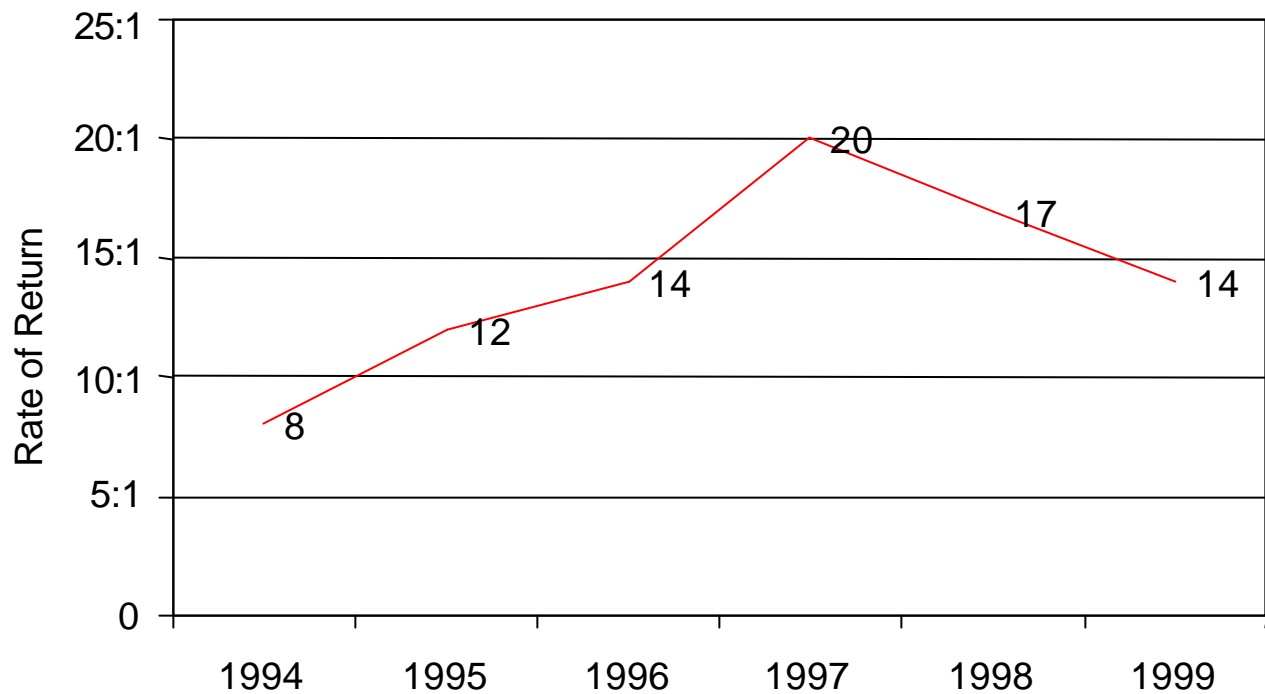
Reasons for not achieving the target:

- In FY 1999, the value of disposed properties was $447.9 million, a 29% increase. Notwithstanding this significant increase in value, PBS is also incurring on going costs associated with the protection and maintenance of Governor's Island in New York and the Lorton Reformatory in Virginia. PBS is working the disposition of these significant properties with local officials and their respective Congressional delegations.

Reason for additional measure in FY 2000:

We recognize the importance of cycle time in the disposal of real property. The environment of real estate management is constantly changing and more agencies are under increased pressure to reduce costs and to divest of properties that are no longer needed. Our customers must maintain real property until it has been disposed; therefore, there are tangible cost savings in rapidly redeployed property. Currently, Property Disposal will track and report cycle time for properties subject to the Federal Property and Administrative Services Act of 1949 and Reimbursable properties. We anticipate having baseline and target data prior to October 1, 2000.

F. Management Challenges and Solutions

PBS addressed several management issues during FY 1999.

Information

PBS needs accurate, reliable data upon which to base responsible business decisions.

Solutions:

When PBS's new corporate database, System for Tracking and Administering Real Property (STAR), was implemented in FY 1998, PBS recognized that there were data accuracy problems that affected both our customer billings and the management of our inventory. In response, PBS launched a number of initiatives to increase the accuracy of our data.

- In FY 1999, PBS developed its first data accuracy measure. The first measure focused on the number of unresolved chargebacks (billing disputes with our customer agencies where they cancelled payments to GSA through Treasury) over 90 days old and the number of billing rates missing from STAR. Missing rates result in inaccurate bills. The late resolution of billing disputes allow billing errors to remain uncorrected. During the measurement period from July to September 1999, missing billing rates were reduced from 2,607 to 15 and unresolved chargebacks over 90 days old were reduced from 413 to zero. The FY 2000 data accuracy measure has been expanded from 2 to 13 separate components covering both billing and property management related data.

- We have started re-measuring our buildings to ensure that customer space assignments are correct.

- PBS recently completed the "Educate 2000" initiative. In the past, a major cause of data inaccuracy was caused by the implementation of new policies and procedures without adequate preparation, including staff and customer training. When PBS converted the bulk of its older space assignments to a new billing process, we launched a major initiative to thoroughly train our realty specialists and our customers on the new process. Billing errors and misunderstandings with our customers have been significantly reduced. The program was a clear success.

- PBS recently contracted with the Arthur Andersen Corporation to assist in improving further the accuracy of our data in the STAR system. They are developing processes, policies and procedures to ensure that once the data is "cleaned" and validated, the integrity of the data in the system remains high and that new data entered into the system is correct and accurate. They are developing and maintaining the capability to provide internal and external PBS clients with accurate and timely information to enable effective management of the PBS real estate.

Business Performance
Develop a comprehensive system that relates performance to rewards. Identify the underlying good practices which result in superior performance. Ensure an employee development program is in place.

Solutions:

In support of the PBS vision to improve internal operations, we implemented a series of performance measures and linked the PBS budget to regional accomplishments. We now base a portion of our annual regional budget allocation on performance, rather than relying only on more traditional allocation methods. By linking performance to the budget process, PBS clearly focuses on achieving superior performance that thrills our customers, provides optimum return on investment to the taxpayers and tells us how and where we need to improve.

The use of performance measures led to the development of the Good Practices initiative that is used as a tool by PBS employees in their everyday jobs to improve performance. Through various communication tools, employees share their good practices with other employees nationwide. To date, we have disseminated over fifty good practices that will help improve performance in all of our key measurement areas.

The work PBS must accomplish is diverse in nature and constantly changing. As the Federal Government Property experts, the demands for high performance in a complex market place are great. We recognize the need to ensure that our people meet the business challenges of today, as well as the demands of the future.

In meeting this challenge, PBS established the PBS Academy, a nationwide training structure to address the development needs of employees. The vision is to assist employees and PBS in being competitive in an ever-changing business environment.

The PBS Academy provides a framework that links all training and development activities to PBS strategic goals. This framework is operated through an on-line virtual system accessible through the PBS Intranet. The Academy targets the following areas:

- Communication of the PBS Mission/Vision/Values and Core Competencies, directing learning and development for the entire PBS community.
- Development of an employee orientation ("PBS Boot Camp") to orient employees to the business of PBS.
- Identification of specialized competencies and training/development needs for specific professional series. This information is designed to guide individuals in their career development efforts. Example professions include Realty Specialists and Portfolio Managers.
- Development of first-line supervisors, mid-level managers, and team leaders through identification and provision of training and developmental experiences.

- Executive Education designed to build the senior leadership of PBS and develop mid-level staff for succession. An Executive Training program currently delivered by the Harvard University's Graduate School of Design has been implemented. This program focuses on the comprehensive development of Real Estate Professionals.
- The Academy will also provide a venue for knowledge and information sharing across PBS disciplines.

PBS is making a concerted effort to use technology to provide online courses through the Online University system. Value is placed on providing employees with high quality training. Individual Learning Plans, Skills Assessment, and multi-rater feedback tools are used to guide individual development. Cross-training and providing developmental opportunities across the regions is emphasized. Staying close to the voice of the customer is also emphasized so that their feedback and needs are integrated into our development efforts. We draw upon a community of internal expertise and utilize contract support to provide a total learning environment.

Portfolio
PBS needs to acquire a portfolio view. This means knowing which portions of our inventory are profitable and which are not.

Solutions:

PBS as a Service has begun acquiring a portfolio view. This means knowing which portions of our inventory are profitable and which are not. It includes identifying what kinds of buildings we should own and operate or lease. It requires an assessment of which buildings should be kept and improved and which should be divested. PBS needs to nurture this perspective and make it a uniformly accepted process in the conduct of its business. PBS also must find better ways to develop, improve, and redevelop properties within the budget scoring rules.

In FY 1999, we contracted for the services of a real estate advisory consultant to provide a comprehensive analysis of our portfolio to assist us in making the best, most informed business decisions. With this assistance, we have set out to integrate our strategic planning, capital investment decision making, and asset management with providing space and services that support our clients' missions and various socioeconomic programs of the Federal government. In concert with our objectives, we moved toward maintaining the physical integrity of our buildings while conserving the taxpayers' investment, and managing the funds that finance GSA's programs. Our investment strategy is based on a bottom up, building by building analysis of each asset. The intent is to have a national portfolio plan based on regional portfolio plans and individual asset business plans to guide investment decisions. We will build upon this work to develop cogent strategies and action plans and pursue improvements in financial performance, dispositions, renovations, consolidated housing options, and asset utilization.

Billing Practice

PBS pricing and service arrangements must be simple, commercially equivalent and effective.

Solutions:

PBS moved into pricing and service arrangements that are simple, commercially equivalent and effective. The use of this pricing method aligns our rent rates with market pricing, and makes our space improvement allowances commercially equivalent. We are working through various issues with our customers. During FY 2000, the new pricing policy will be fully implemented and applied to all rental space.

IV. FEDERAL SUPPLY SERVICE

FSS leverages the Government's vast buying power and the professional expertise of its staff to offer quality products and efficient service, helping agencies reduce their own investments in acquisition and in the management of Federal personal property assets.

FSS provided Federal agencies across the globe with products and services worth $17 billion in FY 99 experiencing a 26% increse in business over the comparable total of $13.5 billion for FY 98.

FSS serves customer agencies through four business lines: Supply and Procurement, Vehicle Acquisition and Leasing, Travel and Transportation Management, and Personal Property Management. These business lines cover nearly all of their costs of operations with the revenue they generate through their competitive, easy-to-use, and accessible programs.

Supply and Procurement

GSA	
Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in real and personal property and maximize the Government's return on . investment

Performance Goal: **Hold costs at current levels while expanding supply and procurement support to Federal agencies, thereby reducing the cost per $100 sales by 25%.**

Performance Measure: Cost per $100 of sales

FY 1998 Baseline	$3.51
FY 1999 Target	$3.08
FY 1999 Actual Performance	$2.85
FY 2000 Target	$2.66

Reasons for Success: Growth in information technology and service contracts continues to be strong. (A list of new service contract offerings can be found in the report on the second supply and procurement business line goal). In addition, FSS has employed the best in e-business technology to make its sources more accessible to it customers. Examples include: Schedules E-Library – a centralized source for schedules contract award information, U-MAS which provided Internet training to customers on schedules use, and *GSA Advantage!™* with increased contract content in FY 1999. Educational mailings to 60 Procurement Executives and events such as those on Federal Supply Schedules Best Practices and the "Discover the World of Services Conference" have broadened understanding of the opportunities afforded through FSS supply and procurement offerings.

Based upon revised projections on Schedules business volume growth, the FY 2000 cost per $100 sales goal has been revised downward from $2.62 to $2.49.

Actuals	1996	1997	1998	1999
	$4.67	$4.48		
		$4.71[*]	$3.51	$2.85

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[*] * In FY 1998, the Automotive Commodity Center was transferred from the Supply and Procurement Business Line to the new Vehicle Acquisition and Leasing Services Business Line. An adjustment was made to the FY 1997 figures for the FY 1998 Annual Report comparison of that year and FY 1998.

Supply and Procurement

GSA Strategic Goal	Compete Effectively for the Federal Market
GSA Strategic Objective	Increase market penetration to maximize service to Federal agencies and effect the greatest advantage to . the Government

Performance Goal   **Increase Federal agencies' use of GSA sources of supply by 23% over FY 1998 by providing additional and by making it easier to access FSS products and . services**
.

Performance Measure: Dollar volume of GSA supply and procurement
programs.

FY 1999 Target $15.0 billion ---   adjusted to $11.1 billion
FY 1999 Actual Performance $12.7 billion
FY 2000 Target $14.1 billion

Explanation for Adjustment: In FY 1999, FSS changed the way it calculated business volume. In previous years, the travel charge card volume had been included. With the merger of all FSS purchase cards into one GSA SmartPay program, FSS examined the basis for including charge card volumes and decided not to use any of these volumes, but rather to rely on the reports of actual sales against FSS sources as a more actuate definition of business volume. Hence, the $15 billion target was appropriately adjusted downward by $3.9 billion, i.e. the travel charge card usage. With this adjustment, the target would have been $11.1 billion. FSS exceeded this, achieving $12.6 billion in FY 1999.

We have implemented changes that increased availability of commercial solutions to federal customers and made the acquisition process more flexible and convenient. The expansion of services (see list on following page of expanded offerings) and visibility of FSS program, as detailed in the previous goal, explains this accomplishment and provides the basis for projected further growth in FY 2000 targeted at $14.1 billion.

Expanded Service Offerings via Schedules

Schedule Number	Title
874	A-76 studies under MOBIS
871 II	Energy Management
899	Environmental Advisory Services
621	Financial Asset Management
738 X	Human Resources Services
733 I	Mail Management Services
738 I	Marketing, Media and Publication Information Services
871	Professional Engineering Services
84 VI A	Security
736 III	Temporary Service
738 II	Translation/Interpretation Services

Actuals	1996	1997	1998	1999
	$5.7B*	$7B	$9.4B	$12.7B

Adjusted from FY 1996 Annual Report business volume downward by $1B due to transfer of the business volume of the Automotive Acquisition Center to the Vehicle Acquisition and Leasing Service business line created in FY 1998.

Supply and Procurement

GSA Strategic Goal	Excel at Customer Service.
GSA Strategic Objective:	Continuously improve relationships with our customers by developing a thorough understanding of their concerns, anticipating their needs and finding creative solutions
	for them.

Performance Goal **Maintain the current proportion of Schedules contracts awarded to small businesses.**

Performance Measure: Percent of Schedule contracts awarded to small business.

FY 1998 Baseline: 77%

FY 1999 Target   77%

FY 1999 Actual Performance   77%

Reason for success: FSS continued to participate in outreach efforts to sustain the proportion of contracts to small business. In FY 1999, FSS participated with the Office of Enterprise Development on the 10 city tour to educate small business concerns about the Schedules program. This high level of performance continues to be targeted for FY 2000.

Actuals	1996	1997	1998	1999
			77%	77%

Supply and Procurement

GSA	
Strategic Goal	Excel at Customer Service.
GSA Strategic Objective:	Continuously improve relationships with our customers by developing a thorough understanding of their
	concerns, anticipating their needs and finding creative solutions for them.

Performance Goal: **Increase customer satisfaction with Supply and Procurement programs.**

Performance Measure: Percentage of responses in the category "highly " satisfied.

FY 1999 Target: 63%

Status: As of March 31, 2000 FSS is awaiting the final report on its customer survey.

Actuals:	FY 1995/6	FY 1997/98	FY 1999/0
	62%	61%	

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Supply and Procurement

GSA	
Strategic Goal	Anticipate Future Workforce Needs.
GSA Strategic Objective	Employ advanced information and Internet technology to make acquisition of products easier and
	faster for all Federal agencies.

Performance Goal   **Increase the number of products available to Federal customers via electronic systems and Internet connectivity.**

Performance Measure: Number of products accessible through *GSA Advantage!™*

FY 1999 Target   1 million products
FY 1999 Actual Performance   800,000 products

Explanation: During FY 1999, FSS undertook an assessment of the architecture of *GSA Advantage*!™ with major emphasis on responsiveness and customer expressed needs. Improved search capability and a conceptual re-alignment on how products and service could best be accessed were addressed. While this was underway, the emphasis on increasing "product" coverage lessened as new definitions for *GSA Advantage*!™'s success were being refined. "Services", that is contracts for services, (as has been stated in previous goal reports) are a major growth areas now and in the foreseeable future. Using "product" count as a measure did not take this important reality into account.   This performance measure was changed from a count of products available on *GSA Advantage!™* to a percentage of contracts on *GSA Advantage*!™. Illustrating how "product" count is no longer considered a representative measure, we offer the example of the "product" search for the word "books". Today, a customer looking up "books" on *GSA Advantage!™* will automatically link to the GSA contractor's website, i.e. Barnes and Noble. There, the full array of titles and products will be visible. This illustrates why the product count is not the best measure. Further, the count of products did not accommodate the true growth area of this business line, i.e. services. The count of contractors will include contractors who provide services. Adding to this logic, GSA must work in partnership with contractors for products and services to assure their presence on *GSA Advantage*!™.   Again, this reinforces the use of the number of contracts a more appropriate measure .

In FY 1999, twenty-three percent of GSA contracts were accessible through *GSA Advantage!.™* For FY 2000 the target is 50% and the target will be 95% for FY 2001.

In addition to educating industry partners on placing their contracts on *GSA Advantage!™,* there will be conditions established by FSS to help meet its goals. Specifically that to be eligible for a long term contract, contractors must be on *Advantage!* And , in FY 2001, all new contracts will require *GSA Advantage*!™ access, as a condition of award.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
Items	97,000	310,000	500,000	800,000
Contracts	5%	13%	18%	23%

Supply and Procurement Program Evaluation

Much has changed in the Federal contracting arena over the last 5 years with the passage of the Federal Acquisition Streamlining Act of 1994 and the Clinger-Cohen Act of 1996. These statutory provisions have, among other things, institutionalized the preference for the use of commercial products/services and commercial practices in Government contracting.

For many decades the Federal Supply Schedule Program awarded and administered by GSA has provided a vehicle for the acquisition of commercial products and services. In the last few years many changes have been made to the schedules program as the program has adopted more commercial practices.

At the request of GSA, Logistics Management Institute conducted a study and found it takes a Federal agency an average of 268 days to put a contract in place. A few years later, Johnson and Johnson Associates conducted a study "Comparative Analysis of Customer Elapsed Time Savings." The study found that it takes a Federal agency an average of 49 days to establish a similar buy using the GSA schedule.

The changes to the schedules program have moved the Government closer to real-time commercial buying practices and by doing so have significantly reduced acquisition time and have increased the efficiency of the Government which reduces costs to the taxpayers.

Vehicle Acquisition and Leasing Services

GSA	
Strategic Goal:	Promote Responsible Asset Management.
GSA Strategic Objective:	Conserve taxpayer investment in personal property and maximize the Government's return on investment**.**

Performance Goal:l   **Offer an average 20% savings over commercial "Black Book" prices for 4-cylinder compact sedans**.

Performance Measure: % Saved Compared to "Black Book" Invoice Price.

FY 1999 Target: 20%
FY 1999 Actual Accomplishment: 20%
FY 2000 Target   20%

Reason for Success: FSS maximized its volume purchasing power through two major consolidated purchases.

The target for FY 2000 remains 20%

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
	21%	24%	20%	20%

Vehicle Acquisition and Leasing Services

GSA	
Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in personal property and maximize the Government's return on investment .

Performance Goal: **Save taxpayers money by consolidating additional vehicles into GSA's fleet.**

Performance Measure:

Average savings per vehicle consolidated into the fleet.

	Vehicles	Savings	Avg. Savings/ Vehicle
FY 1999 Target	7,339	$6.7M	$ 913
FY 1999 Actual Perf.	7,027	$6.8M	$ 971

Reasons for Success: GSA Fleet consolidated all customer agency vehicles that had been planned, although vehicle quantities and types differed upon final inspection. Moreover, the savings attributed to the actual consolidations exceeded the savings target. Both higher and lower average savings per vehicle are possible upon finalization of the consolidated vehicle mix. Savings represent the average cost difference between other agencies' existing fleet operations and GSA Fleet. Average savings per vehicle will vary with the consolidating agency due to its unique vehicle mix, age, and condition.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
Vehicles	1,355	5,156	5,329	7,027
Savings	$1.1M	$5.9M	$6.4M	$6.8M
Avg. per Vehicle	$826	$1,153	$1,196	$971

Vehicle Acquisition and Leasing Services

GSA	
Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in personal property and maximize the Government's return on investment.

Performance Goal: **Hold annual increases in per-mile charges for interagency fleet vehicles close to the inflation rate.**

Performance Measure: Rate of increase in per-mile charge compared to inflation rate.

FY 1999 Target:	$0.3159	2.9% Inflation
FY 1999 Actual Performance	$0.3090	0.9% Change

Note: The target was changed from rate per mile (fees charged to customer agencies) to cost per mile (CPM). Prior to 1999, the measure was based on cost per mile and was changed due to a misinterpretation of the goal's objective.

Reasons for Success: The continued efficiency of the GSA fleet operations provided the basis for exceeding the goal.

Actual	FY 1996	FY 1997	FY 1998	FY 1999
CPM			$0.3070	$0.3090
Rate of Change				0.7%
Actual Inflation				1.9%

Vehicle Acquisition and Leasing Services

GSA	
Strategic Goal	Compete Effectively for the Federal Market
GSA Strategic Objective	Provide quality products and services at competitive prices and achieve significant savings for Federal agencies.

Performance Goal: Increase GSA interagency fleet share of Federal fleet.

Performance Measure:

Percentage of Federal fleet operated by GSA customers.

FY 1999 Original Target:	48%
Target Changed based upon latest Fleet Report	44%
FY 1999 Actual Performance:	44%
FY 2000 Target 2000	46%

Explanation: The 48% market share goal was based upon reports of overallfleet size which, by year's end, had changed. In actuality, FSS did meet its goal of accomplishing all planned fleet consolidations, which actually equates to a 44% market share based upon the latest *Federal Motor Vehicle Fleet Report* prepared by GSA's Office of Governmentwide Policy. This performance goal has been adjusted to reflect the most recent overall fleet size based upon the most recent report, which is for FY 1997.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
		41%	43%	44%

Vehicle Acquisition and Leasing Services

GSA Strategic Goal	Excel at Customer Service.
GSA Strategic Objective	Continuously improve relationships with our customers **by** developing a through understanding of their concerns, anticipating their needs, and finding creative solutions for them.

Performance Goal **Increase customer satisfaction with Vehicle Acquisition and Leasing**.

Performance Measure:

Percentage of respondents giving a "highly" satisfied rating.

FY 1999/0 Target: 78%

Status: This survey will be conducted within the next few months.

Actuals	FY 1995/6	FY 1997/8	FY 1999/0
	74%	78%	

Note: The previous customer satisfaction survey data included GSA Fleet only. The next customer satisfaction survey will encompass the entire business line.

Vehicle Acquisition and Leasing

GSA	
Strategic Goal	Anticipate Future Workplace Needs.
GSA Strategic Objective	Develop a model work environment for the future that is efficient, fully accessible, healthy, comfortable and economical.

Performance Goal: **Fill 100% of requests for alternative fuel vehicles.**

Performance Measure:

Percentage of requests filled.

FY 1999 Target: 100%
FY 1999 Actual Performance: 100%
FY 1999 Target: 100%

Reasons for Success: FSS encouraged agencies to purchase AFVs throughoutreach programs and to work with customers and fuel providers to assist with establishing maintenance and fueling facilities where feasible. Payment mechanisms were established to allow agencies flexibility in funding the incremental cost of AFVs. Beginning in FY 1999, customer agencies can fund the incremental cost by spreading it over 12 months or by paying a lump sum upfront. GSA Fleet implemented a pilot program in FY 1999 with the Department of Interior (DOI) to spread the incremental cost of AFVs over their entire fleet via a monthly surcharge. Since the pilot program was such a success, FSS now offers this funding mechanism to all GSA Fleet customers. GSA has dedicated up to $4M in matching funds to GSA Fleet customers to support and promote the Federal Government's AFV USER Program.   The program is designed to concentrate AFV acquisitions and fuel usage in six cities across the country. Customers with GSA Fleet vehicles located in the six cities that acquire AFVs and have a strong policy to use alternative fuels, are eligible to receive funding assistance under this program.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
			100%	100%

Vehicle Acquisition and Leasing Program Evaluations

No significant program evaluations were completed in FY 99.

Travel and Transportation

GSA Strategic Goal	Promote Responsible Asset Management.
GSA Strategic Objective	Develop, advocate, and evaluate policies and best practices that enable better acquisition, management, and utilization of Government resources.

Performance Goal: **Achieve significant savings on Federal travel as compared with commercial prices.**

Performance Measure:

Savings on Government travel as a percent of the total commercial value of the same travel.

FY 1999 Target: 68%
FY 1999 Actual Performance: 68%
FY 2000 Target   : 68%

Reason for Success: FSS effectively negotiated city-pair contracts to provide the best service at the lowest cost to taxpayers. For FY 2000 the target will remain 68% savings.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
	60%	62%	68%	68%

Travel and Transportation

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Develop, advocate, and evaluate policies and best practices that enable better acquisition, management, and utilization of Government resources.

Performance Goal	**Reduce Government transportation costs by recovering or avoiding excess charges through pre- and post-payment audits of freight and transportation charges**.

Performance Measure:

Increased cost avoidance due to pre-payment audits.

FY 1999 Target: $3 million
FY Actual Performance: $3 million

Reason for Success: The prepay audit target of $3 million was achieved primarily because the number and level of agency usage of the program remained constant in FY 99 from FY 98. The program suffered some serious erosion in FY 96-97 because DOD, the largest user, was having difficulty in bill payment processing and thus had to rely almost exclusively on post-pay audit until its Powertrack initiative took hold in FY 99. (The prepay cost avoidance figures reported herein by GSA represent usage of GSA prepay audit contractors; additional savings such as through Powertrack are being realized internally by agencies and not yet fully tracked by GSA.) There was also prepay audit contractor transition during this period which led to lower usage and savings for some time. This latter situation was fully corrected by FY 99 when cost avoidance rebounded from $2.6 million to $3 million. The projected savings figures of $4 million and $5 million in FY 2000 and FY 2001may be conservative if most agencies implement prepay audits legislation on time late in FY 2000, although the continuing decline in Governmentwide transportation expenditures will have a downward effect on savings despite the new law. We expect the full impact of prepay audit legislation and thus cost avoidance will occur in outyears past FY 2001.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
	$6 M	$3M	$2.6M	$3M

Travel and Transportation

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Develop, advocate, and evaluate policies and best practices that enable better acquisition, management, and utilization of Government resources.

Performance Goal **Reduce Government transportation costs by recovering or avoiding excess charges through pre- and post-payment audits of freight and transportation charges**.

Performance Measure:

Increased cost avoidance due to post-payment audits.

FY 1999 Target:	$13 million
FY 1999 Actual Performance	$17.5 million
FY 2000 Target	$17.5 million

Reasons for Success: The FY 99 target of $14 million was exceeded by $3.5 million primarily because other agency finance centers, who process overcharge deductions from carrier bills and thus payment to GSA, continued to refine and automate their processes. This allowed collections to be realized in FY 99 that would have otherwise spilled over into FY 2000. These offset a gradual decline in Governmentwide transportation expenditures. Also, an unusual number of water (versus air or surface) overcharges were identified in FY 99, and these are often several hundred thousand dollars each.

The forecast goals of $13 million for FY 2000 and 2001 remain sound: the full effect of mandatory pre-pay audits, which goes into effect April 20, 2000, will begin to be felt, thus causing post-pay collections to begin to drop. However, this will be offset by the normal pipeline of bills for post-pay audit and collection of up to 24-to-36 months (the statutory limit) following the date of the actual transportation. Also, there will continue to be dollars found indefinitely in post-pay audit regardless of pre-pay audit implementation because approximately 30% of total overcharges are credit card transactions that are unable to be audited before payment.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
	$15.7M	$16.4M	$15.7M	$17.5M

Travel and Transportation

GSA Strategic Goal	Compete Effectively for the Federal Market.
GSA Strategic Objective .	Provide quality products and services at competitive prices achieve significant savings for Federal agencies.

Performance Goal: **Maintain savings of 45% to 47% compared to commercial rates for shipment of freight and household goods and for small-package express delivery services.**

Performance Measure:

Percentage savings from commercial rates - <u>Freight</u>

FY 1999 Target: 46%
FY 1999 Actual Performance: 46%
FY 2000 Target: 46%

Reasons for Success: The FY 99 target of 46% was met, largely due to the sound overall and transportation-related economy. Carrier operating costs have not increased significantly and no unexpected rate increases were proposed by the industry during the year. Moreover, GSA was able to maintain and slightly expand its customer base thus enabling us to continue to wield the most significant buying power in the civilian agency transportation marketplace. Also, overall civilian agency transportation volume did not increase or decrease significantly. Competition is intense. These deep discounts, holding in the mid-40s for several years now, appear to be at maximum levels.

FY 2000/01 targets, remaining at 46%, are realistic based on a continuation of these conditions.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
	45%	45%	45%	46%

Performance Measure:

Percentage savings from commercial rates - <u>Household goods</u>

FY 1999 Target: 47%
FY 1999 Actual Performance: 47.5%
FY 2000 Target: 47%

Reasons for Success: The household goods scenario is essentially the same as with the freight program. The target was met due largely to the unity and cooperation of the interagency relocation council coordinated by GSA. The target of 47% savings was met due largely to the credibility the centralized household goods program has with the carrier industry within a strong economy. Employee moves continue to drop slightly but not enough to make the business less attractive to the industry, providing an incentive to offer GSA essentially "most favored customer" rates. The industry remains highly competitive. Discounts and program savings appear to have reached maximum levels unless there are relatively severe changes in the economy and the industry is reconfigured.

FY 2000/01 targets are realistic based on a continuation of current conditions.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
	45%	49%	47%	47.5%

Performance Measure:

Percentage savings from commercial rates – <u>Small Package Express</u>

FY 1999 Target: 45%
FY 1999 Actual Performance: 45%

Reasons for Success: Similarly, within the small package area, FSS has utilized its aggregate purchasing power to achieve significant discounts which it projects will continue in FY 2000.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
	36%	44% `	$45%	45%

Travel and Transportation

GSA Strategic Goal	Excel at Customer Service
GSA Strategic Objective	Incorporate customer feedback and customer satisfaction data in GSA's planning and decision-making processes

Performance Goal: **Increase customer satisfaction with FSS travel and transportation programs.**

Performance Measure:

Customer satisfaction survey results

Percentage of respondents who report being "highly satisfied."

Status: As of March 31, 2000 FSS is awaiting the final report on its customer survey.

Actuals

This will be the first survey conducted using the "highly satisfied" criteria employed with other business lines, hence there is no comparable data to report for prior years.

Travel and Transportation

GSA	
Strategic Goal	Anticipate Future Workforce Needs
GSA Strategic Objective	Develop policies and practices to facilitate safe electronic transactions within the Government and transactions with industry partners and citizens.

Performance Goal: Increase the percentage of audits performed electronically.

Performance Measure:

Percentage of audits performed electronically

FY 1999 Target:	25%
FY 1999 Actual Performance	25%
FY 2000 Target:	40%

Reasons for Success: The FY 1999 target of 25% was met, primarily because of the implementation and rapid expansion of the 'Powertrack' system in the Department of Defense in FY 1999, which allows for electronic payment and pre-pay auditing of transportation bills. DOD remains the Government's largest shipper and mover, with approximately 70% of Governmentwide transportation expenditures. GSA directly assisted DOD in assuring that proper controls and pre-pay auditing procedures were in place with Powertrack.

The 40% and 50% goals for FY 2000 and FY 2001 remain realistic. Outside of DOD, USPS, a major Federal shipping activity, has also become increasingly electronic in payment and pre-pay auditing and will be at virtually 100% in FY 2000. This too contributes to the achievement of the FY 99 and future year goals, as does the fact that GSA has begun to perform post-pay audits electronically in an 'EDI' environment. It should be pointed out that it is ultimately up to each agency, and not GSA, to decide to adopt electronic pre-pay audit practices.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
	*	*	10%	25%

Data not available before FY 1998. Prior to that year electonic audits of transportation documents was minimal.

Travel and Transportation Program Evaluations

Travel

During FY 98 and FY99, fundamental changes in the Travel Program's environment in recent years necessitated a thorough review of GSA's Travel Management Center (TMC). The travel agent industry is facing extraordinary challenges as technological advances change traditional airline distribution patterns and airlines seek to control their distribution costs. Historically, travel management services contracts were at no cost to the Government, and in many cases included provisions for rebates to customer agencies. The airlines continue to cut both domestic and international commissions paid to travel agents, and we can no longer rely on a no-cost approach to contracting for travel agent services. Travel agents now typically negotiate fee-based arrangements with their corporate clients; our future contracts will allow for such arrangements. In FY 1999 we solicited for the next generation of travel management services in a way that provides choices to our customer agencies via awards to multiple vendors and a varied menu of services, allows access to advances in technology, and allows for flexibility in the face of structural changes in the travel agent industry.

In addition to the internal review of the TMC program initiated by management, a June 1998 Audit Report of the GSA Office of Inspector General presents the results of an audit of the Travel Management Center (TMC) Industrial Funding Fee (IFF). The audit found that the forecasted TMC revenue does not cover program expenses at their current level, that the TMC program needs centralized authority, and that a uniform management information system will improve collection of the industrial funding fee and the evaluation of TMC performance. We are implementing a detailed action plan addressing the specific recommendations of the audit report. A recent organizational change has centralized the program direction for the TMC program. We have developed an Intranet-based spreadsheet for uniform reporting of the IFF to be implemented in the first quarter of FY 1999

We will continue to work closely with customer agencies and with travel and financial services industries to determine where there are opportunities for synergy in the provision of travel services. Obviously, having to pay a fee for what was previously provided free of charge is bound to cause discontent.

Transportation

Household Goods Program Industrial Funding

By the beginning of FY 1999 the household goods program (HHG), a major component of FSS' overall transportation program, had experienced several consecutive years of operating at a significant financial loss. While customer agencies were highly satisfied with the HHG's service delivery, the financial situation continued to deteriorate, threatening the existence of the program into the new millennium. A fundamental financial analysis of the program was begun and completed in the first half of FY 2000. The review indicated that the program was under-funded: The industrial funding fee (IFF) charged to customer agencies should have been gradually raised each year since its establishment in FY 95 to cover increasing costs. Accordingly, the IFF was raised from $45 to $145 in May 1999; this was done in full and open communication with our customers. Moreover, the collection mechanism itself was flawed and was in effect an honor system on the part of carriers to send GSA the proper amount they had recovered from our customers who were actually charged the fee. An automated system was developed to track the payment of the IFF on a shipment-by-shipment basis instead of in-the-'batch' or aggregate shipments approach used previously. Uncollected fees were identified and collected from carriers for FY 97 and FY 98.

The cumulative effect of this program evaluation was to improve the financial standing of the HHG program by the end of FY 99. The projected end-of-year loss was reduced by 20 percent, and breakeven status is expected by the end of FY 2000.

Transportation Audits

There were no formal reviews of the Transportation Audits Program during FY 1999. Since the audit operation is revenue-driven, our costs and collections are constantly reviewed internally to ensure a positive balance. Our main efforts are directed toward the mandatory Governmentwide prepayment audit which starts in April 2000. DOD is the leader in accomplishing this; we have worked very closely with DOD since their billing represents 70 to 80 percent of the Government's transportation bills. PowerTrack is the primary system which we are reviewing, which DOD is utilizing to pay and audit transportation bills. Non-PowerTrack transactions, for the most part, will be handled by a GSA-approved audit contractor off the GSA Federal Supply Schedule.

Personal Property Management

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in personal property and maximize the Government's return on investment.

Performance Goal	**Maximize cost avoidance through reutilization and donation of excess Federal personal property.**

Performance Measure:

New expenditures avoided through reutilization and donations of excess personal property.

FY 1999 Target:	$1.8 billion
FY 1999 Actual Performance	$1.9 billion
FY 2000 Target:	$1.6 billion

Reason for Success: FSS continues to increase and maximize visibility of property available for utilization and donation customers via our automated Federal Disposal System (FEDS). Technology improvements are applied to FEDS enhancements on an ongoing basis.

The FY 2000 target of $1.6 billion is realistic. A decrease in available property is anticipated due to increase in internal re-use of property by agencies under budget constraints.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
	$2.3 B	$1.7B	$1.7B	$1.9B

Personal Property Management

GSA	
Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Conserve taxpayer investment in personal property and maximize the Government's return on investment .

Performance Goal: **Control costs while effectively performing utilization, donation and sales services.**

Performance Measure:

Dollar volume of Utilization/Donation transfers per FTE.

FY 1999 Target:	$17.8 million
FY 1999 Actual Performance	$17.9 million
FY 1999 Target:	$15.3 million

Reason for Success: Increase over FY 99 target is due to the nationwide Property Management staff, their efforts on behalf of our customers to locate property in accordance with needs, and their continued endeavors to manage the program within available resources. In addition, continued enhancements to our automated Federal Disposal System (FEDS) have increased efficiencies.

FY 2000 targets are realistic. Less property will be available due to increase in internal re-use by agencies under budget constraints.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
	*	*	$16.7 M	$17.9 M

* New measure

Performance Measure:

Dollar volume of Sales Proceeds per FTE.

FY 1999 Target: $538,000
FY Actual Performance: $1,117,00
FY 2000 Target: $1,000,000

Reason for Success and explanation for revised target goals: Initial targets that were developed excluded sale of GSA's fleet vehicles, as the Fleet Management Division had indicated their desire to manage their own vehicle sales. Although the transition has been completed in most regions, our personnel in Regions 3 and 9 continue to handle GSA fleet sales. The dollar volumes of these additional sales have been included in the revised estimates, resulting in increased sales per FTE. In addition, increase over target is due to nationwide Property Management sales staff and their ability to generate business opportunities. In addition, continued enhancements to our automated Federal Disposal System (FEDS) and the Sales Automation System (SASy) have increased efficiencies.

FY 2000 targets are realistic and have been aligned to reflect business consistent with FY 1999.

Actuals	FY 1996	FY 1997	FY 1998	FY 1999
	*	*	$538,000	$1,117,000

- New measure – "96 and '97 not available.

Personal Property Management

GSA Strategic Goal	Excel at Customer Service
GSA Strategic Objective	Continuously improve relationships with our customers by developing a thorough understanding of their concerns, anticipating their needs, and finding creative solutions for them.

Performance Goal: **Increase customer satisfaction with Personal Property Management services.**

Performance Measure:

Percentage of respondents who report being "highly satisfied."

FY 1999 Target: 65%

Status: March 31, 2000 FSS is awaiting the final report on its customer survey.

Actuals	FY 1995/96	FY 1997/8	FY 1999/0
		63%*	

*First year of surveying using a consistent scale.

Personal Property Management Program Evaluations

Utilization and Donation

In Fiscal Year 1998, the FSS Property Management Program and the Department of Energy (DOE) embarked on a partnership, initiated by DOE, that automated the DOE internal disposal process, saved the American taxpayers thousands of dollars, and took advantage of the strengths and expertise of both Federal agencies. The resulting Energy Asset Disposal System (EADS) was implemented in FY 1999. EADS can be accessed by a modem or on the Internet. FSS delivered a personal property system at one-third the cost of DOE's original projections. The system is managed by GSA through a two-year renewable contractual arrangement under the authority of the Economy Act. DOE senior management has indicated a high degree of customer satisfaction with EADS, and negotiations for another two-year renewable contract are currently underway.

Sales

The Sales Program continues to be self-sustaining, as it has been since its transition to Industrial Funding in FY 1995. In March 1999, the GSA Inspector General issued a report, "Management Control Review of Proceeds from Sales of Surplus Personal Property, The Heartland Region, Report No. A82474/F/9/V99504." The objective of the review was to evaluate the adequacy and effectiveness of Property Management's internal controls over documenting, collecting, depositing and reconciling proceeds from sales of surplus personal property. The review disclosed that the management controls over the processing of surplus personal property were adequate; there were no report recommendations.

V. FEDERAL TECHNOLOGY SERVICE

The Federal Technology Service (FTS) provides information technology (IT) solutions and network services that deliver the best value and innovation to support its Federal agency customers worldwide. FTS is a self-sustaining group of programs funded almost entirely by reimbursement from Federal customers. GSA/FTS has undergone quite an evolution over the last decade, and in FY 1999, FTS' telecommunication services became more competitive. Beginning in FY 2000, the use of FTS contracts for telecommunications services became non-mandatory. This has resulted inan even greater need for the FTS organization to become more business-like and flexible.

In providing the Government with an economical and efficient system for the procurement of IT and telecommunications services, FTS identifies and aggregates Federal requirements to offer solutions that yield substantial cost savings and value.   FTS employees are experts in acquisition, telecommunications, information technology, and information security. We work in partnership with industry and Government to address critical issues affecting the way Government does business and to ensure that the necessary tools are available. From enabling Y2K compliance to making Government listings in public telephone directories more user-friendly, FTS ensures the necessary framework is in place to support the Government information infrastructure, and provides comprehensive security for that infrastructure.   In addition, FTS tests new acquisition and service delivery concepts that will enhance the Government's ability to use technology to better serve the public.

Revenue have grown from approximately $1.5 billion in FY 1995 to $4.2 billion in FY 1999, and are expected to be almost $5.5 billion in FY 2001[1]. Most of this increase is in the information technology area, where there is a growing demand for FTS products and services.

FTS has two business lines: **Network Services and IT Solutions**. Although each has unique characteristics, these business lines are beginning to blend together because of the evolving interrelationships between the IT and telecommunications markets. This convergence of business lines and the use of the IT Fund to finance FTS programs are important as FTS plans for the 21st century.

FTS serves the Federal community with leading edge technology and streamlined and innovative acquisition practices that contribute to productivity and efficient Government mission performance. FTS began using competitive analysis studies in FY 1999 to identify new technology service offerings. Customer requirements are analyzed to select new or to enhance existing service offerings. FTS will continue to partner with industry to learn new technologies, and take advantage of acquisition reform to bring products and services to the Government marketplace as rapidly as possible.

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[1] This amount exceeds the level of revenue projected in the FY 2001 Budget. Management revised both FY 2000 and FY 2001 revenue projections to $5 billion and $5.5 billion, respectively, in January 2000.

A. FTS Management Strategies

To ensure that FTS is positioned to sustain and enhance its contributions to the Federal community, FTS has three overarching strategies. These strategies are integrated into the the management and operations of both business lines and reflect FTS' overall approach of seeking the lowest cost and highest quality solutions to Federal agencies technology needs. FTS seeks to achieve $5.9 billion (or 16.6%) of the Federal technology market and increase the share of Federal agencies benefiting from the contracts negotiated by FTS and their associated savings. The strategies are as follows:

1. **FTS will focus on being customer-centric**. This strategy involves providing innovative solutions and customized services to meet the IT and network needs of customers. FTS offers customers a full range of contracting vehicles, comprehensive service offerings, and "one-stop" shopping. It provides fully competed contracts, competitive pricing, technology problem resolution, and interoperability. FTS' strategyis customer driven with a focus on understanding customers' needs, helping them find the best technology solutions so that they can better serve their constituencies, and delivering superior customer service. FTS fully recognizes that our existence is reliant on our ability to provide leading edge technology solutions to our agency customers, and we are committed to giving the highest priority to our customers and their technology needs.

   A Customer Action Team (CAT) initiative has been established consisting of teams that are working together to grow the business with four specific customers: the Internal Revenue Service, the Environmental Protection Agency, the Corps of Engineers, and the Defense Financial Accounting Service. This approach will grow the business of FTS by encouraging customer loyalty and providing streamlined, cost effective and integrated solutions that enable our customer agencies to focus on their missions rather than on contract administration. It will also allow FTS to gather customer information and use it to re-package our products and services. CAT's cut across FTS business lines to bring Network Services and IT Solutions together to meet customer needs and sell the total FTS package. Our customer-centric focus is set to position FTS as the leading provider of value added IT services to the Federal Government community.

   FTS will focus on being employee-centric, recognizing that employees are its most valuable asset. FTS employees are highly trained in the acquisition, telecommunications, and IT fields, as well as in other professional disciplines. and they are a critical link in FTS' endeavors to achieve superior customer satisfaction and achieve maximum savings in the procurement of technology. To create a culture in which all employees will succeed and are respected, FTS is implementing initiatives to increase communication, foster employee development and recognition, and provide the most current technology so that our workforce excels at customer service and understands agencies technology requirements..

2. **FTS will maintain dynamic relationships with its stakeholders,and industry partners**. FTS will continue its efforts to keep Congress and OMB informed of its initiatives and critical related issues. This continuing dialogue will also help identify cross-cutting technology issues that affect all agencies and departments and will provide an informed network to coordinate and resolve these issues.

B. Network Services Business Line

Network Services provides FTS customers with end-to-end telecommunications services, including global voice, data, and video services, supporting both local and long-distance Government telecommunications users. Network Services projected revenue for FY 2001 is $819 million ? --$511.5 million from long-distance service, and $307.7 million from local telecommunications.

FTS2000 long-distance services reach more than 1.7 million users through two multi-billion dollar ten-year contracts that were awarded to AT&T and Sprint in December 1988. Government agencies have spent nearly $5 billion on FTS2000 services during the contracts' ten-year existence. FTS awarded the next generation of Federal long-distance service contracts, FTS2001, to Sprint and MCI WorldCom. Transition to FTS2001 began in June 1999 and completion is planned by December 2000.

Advanced telecommunications products and services that are not provided as part of FTS2000 are available through "post-FTS2000 special services" contracts, referred to as niche contracts. The niche contracts provide customers with a variety of fully competed contracts for wireless communications, technical and management support services, international calling, wiring and cable, satellite equipment and services, and Internet access. Some of these products and services will be incorporated into the FTS2001 service contracts and the existing niche contracts will be allowed to expire. However, it is anticipated that there will be a need for services that will be outside of the scope of the FTS2001 contract or that will not be offered by the winning vendors. Accordingly, FTS anticipates that future niche contracts will fill the need for advanced telecommunications products and services not provided as part of FTS2001.

The local telecommunications services program provides state of the art voice, data and video services to tenants of Federal buildings and campuses maintained by GSA and other agencies. In FY 1999 the program provided 533,000 active service lines to Government agencies. FTS provides these services through ownership and operation of voice telecommunications equipment or through resale of Centrex services from local exchange carriers. The national average monthly line rate for FY 1999 was $19.74, which reflects an overall reduction of $8.96, or almost 31% from the FY 1994 average Federal monthly line rate.

The wide array of service offerings, as well as a host of new advanced networking and value-added offerings, best reflect the overall success of the program. Included among the many Network Services business line successes are:

- Achieving a better billing process by measuring its accuracy, timeliness, and customer satisfaction,

- Achieving an immediate, substantive, and sustained price reduction for local telecommunications services, in particular by increasing the number of awards for Metropolitan Area Acquisition (MAA) contracts, and

- Providing flexibility in new contracts to allow for tailored levels of service and pricing.

Customers may realize up to 66% savings over current government rates and up to 70% savings over standard business rates because of these initiatives and successes.

C. Information Technology Solutions Business Line

The Information Technology (IT) Solutions business line provides all types of IT products and services, including security solutions, to its Federal clients through contracts with industry partners. IT Solutions provides a variety of ways for agency customers to buy-- through FTS contracts, through the use of Federal Supply Service schedules, and through the contracting offices of other agencies with which the IT solutions business line has developed strategic partnering arrangements. Federal customers can choose among numerous value-added services at various levels of support and cost. IT Solutions programs have been so popular with Federal agencies that revenues have grown from $500 million in FY 1995 to $3.1 billion in FY 1999 and are projected to be $4.7 billion in FY 2001.

IT Core Business

The IT Solutions business line helps agencies acquire, manage, integrate, and use IT resources and protect the security of Federal information. As the leading provider of value-added IT services to the Federal Government, the core business of the IT Solutions business line is the **reselling** of industry solutions that are obtained through the award and administration of contracts with industry partners.

IT Concept of Operations

The underlying business goal of IT Solutions is to provide the same products or services or solutions with the same level of service at the same price to all clients, regardless of their

geographic location. To achieve this goal, IT Solutions has implemented a concept of operations based on distinct service delivery and solutions development centers of expertise. Within IT Solutions these two operational areas are:

- Client Support Centers (CSCs) provide direct client interface and support, issue and manage task orders against contracts, and deliver solutions to clients. CSCs act as sales representatives to Federal customers. There are five national and eleven regional CSCs.

- Solutions Development Centers (SDCs) award and administer IT contracts by developing solutions for CSCs and other government agencies. There are four SDCs.

Client Support Centers (CSCs).

Regional CSCs.

The **Regional IT Solutions Services Center**, comprising the eleven regional CSCs, provide IT products and services to Federal clients located within specific geographic regions.

National CSCs.

The IT Solutions' five national CSCs are the Federal Systems Integration and Management Center (FEDSIM), the Financial Management Systems Support Center (FMSSC), the IT Acquisition Services Center, the Office of Smart Card Initiatives, and the Office of Information Security (OIS). These centers provide services on a reimbursable basis and support Federal clients throughout the world.

1. The **Federal Systems Integration and Management Center (FEDSIM)** helps agencies acquire and use information systems and technology. Its primary services include acquisition management and support, large-scale systems integration projects, office systems support, software management, and data center management.

2. The **Financial Management Systems Support Center (FMSSC)** helps Federal agencies evaluate, design, and implement financial and administrative systems.

3. The **IT Acquisition Services Center** provides information technology solutions to GSA itself.

4. The **Office of Smart Card Initiatives** offers paperwork-reduction services to Federal agencies by providing smart cards for employee identification, access to secure computer networks, credit card purchases and official travel. Cards carry data for public key infrastructure, digital signatures and biometric data such as fingerprints.

5. The **Office of Information Security (OIS)** provides worldwide information systems and infrastructure security services to Federal agencies conducting national security and sensitive operations. Its services range from supporting US intelligence missions worldwide to working with Government and industry to develop a secure Government information infrastructure.

Solutions Development Centers (SDCs).

The IT Solutions business line operates four SDCs that develop, award, and administer contracts to address Federal agency requirements for IT products and services. SDC IT contracts (solutions) are available for use by all CSCs. The four current SDCs are the   1) Federal Computer Acquisition Center (FEDCAC), 2)   The Pacific Rim Region (Region 9), 3) A partnership of the Southeast Sunbelt Region (Region 4) and the Greater Southwest Regions (Region 7), and4) The Region 6 Small Business SDC.

D. FTS PERFORMANCE PLAN

The FTS FY 1999 Performance Plan focused on eight basic performance measures and indicators. The FY 2001 Performance Plan concentrates on nine basic performance measures that support the FTS mission and vision and are directly linked to GSA's Strategic Goals.

FTS goals and measures cover the areas of market share, finance, costs, customer satisfaction, employee growth and development, stakeholder relations, acquisition time cycle, and new and enhanced offerings, as well as network service costs. In summary, the goals and measures provide a balanced approach and ensure a results-oriented framework for implementing and assessing the organization.

Performance Summary for FY 1999

GSA Strategic Goal	GSA Strategic Objective	FTS Performance Plan Goal	FTS Performance Plan Indicator				
FY 1999	FY 1999	FY 1999	FY 1999	FY 1999 Target	FY 1999 Results	Target Met?	Note
Promote Responsible Asset Management	Invest in the competencies of our workforce.	Improve FTS culture to better serve customers and achieve business results.	Average percent to agree to categories on the annual culture survey.	70.0%	Survey not conducted in FY 1999.	Results will be available in FY 2000	Note 1
Compete Effectively for the Federal Market	Provide quality products and services at competitive prices and achieve significant savings for Federal agencies.	Increase the FTS Share of the Federal IT Market.	Total business volume as a percent of the Federal IT market.	11.8% (as adjusted for OMB Exhibit 42)	13.7%	Yes	Note 2
		Reduce acquisition cycle times.	Average calendar days to award contracts.	Directed (8a) = 45 Sole Source = 60 Single Award = 180 Multiple Award = 180 Mods = 90	Directed (8a) = 15 Sole Source = 27 Single Award = 55 Multiple Award = 23 Mods = 14	Yes	
		Increase FTS business volumes while covering all expenses.	Business Volume and Excess Revenues.	Business Volume: $4.1 billion Excess Revenues: $18 million	Business Volume: $4.3 billion; Excess Revenues: $69 million	Yes	
		FTS2000/2001 prices are competitive with the lowest offerings of commercial prices.	Percent difference between FTS2000 prices and commercial prices.	Competitive with lowest commercial prices	15.5% Below Commercial (Estimated)	Yes	Note 3
		Reduce average monthly local line rate.	Average monthly line rate.	$20.77	$19.74	Yes	
Excel at Customer Service	Incorporate customer feedback and customer satisfaction data in GSA's planning and decision-making process.	Increase customer satisfaction with FTS representatives and products/services.	Customer satisfaction ratings on the annual FTS survey.	Target not established.	IT Solutions Satisfaction with Representative 84.8% Satisfaction with Services 82.5% ....Network Services Satisfactions with Representative 73.7% Satisfaction with Services 76.2 %	Actual results used as target.	

Anticipate Future Workforce Needs	Provide state-of-the-art equipment and workplace environments to meet the needs of the mobile Federal worker.	Develop new and enhanced service offerings.	Number of contracts (valued over $100,000))awarded for new and enhanced service offerings.	Actual number of contracts awarded in first year.	FY 1999 Contracts Awarded = 601	Actual results used as target.	

Note 1: Results are not available because the GSA employee Culture Survey was not performed in FY 1999. The next culture survey is planned for Spring 2000.

Note 2: The FY 1999 IT Market Target was set based on OMB Exhibit 43 which is no longer available; the FY 1999 target/results were recalculated using OMB Exhitbit 42.

Note 3: The "GSA Report to Congress on the Cost Effectiveness of the FTS2000 Program" will be available in the Spring of 2000.

Federal Technology Service

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Invest in the competencies of our workforce**.**

Performance Goal: **Improve FTS culture to better serve customers and achieve business results.**

FTS works with employees to ensure that they have an environment that is worker-friendly and that the employees have the tools, technical skills, and supporting infrastructure to do their jobs so that they can improve their performance and achieve the intended business results. n May through July of 1998, a professional GSA Culture Survey was conducted. It was administered to 13,774 employees with a response rate of 58%. Future surveys will be conducted no less often than every two years to measure how effectively GSA is implementing continuous quality improvement, and to determine the status of, and changes in workplace issues over time.

The FY 1998 survey consisted of 87 questions that were organized on the survey according to two broad themes: Quality of Work Life (33 questions) and Organizational Performance (54 questions). The Quality of Work Life Category considered six categories including Involvement and Innovation, Learning and Development, Work Performance, Rewards and Recognition, Employee Well-Being, and Work Satisfaction. The Organizational Performance Category considered nine categories including Customer Focus, Planning and Goal-Setting, Performance Measurement, Supervision, Communication, Teamwork, Technology, Business Results, and GSA Culture. Employee responses to the survey were made on a scale of seven ranging from Strongly Agree to Strongly Disagree, with numbers assigned to the possible responses as follows: 7 = Strongly Agree, 6 = Agree, 5 = Somewhat Agree, 4 = Neither Agree nor Disagree, 3 = Somewhat Disagree, 2 = Disagree, and 1 = Strongly Disagree.

Performance Measure:

Average percent to agree to categories on the annual culture survey.

FY 1998 Baseline (Estimated)	66%
FY 1999/2000 Target:	70%
FY 2001/2002 Target:	75%

Note: The FY 1998 baseline was an estimate when the FY1999/2000 plan was published. Actual supporting documentation indicates that 68% should have been the FY 1998 baseline. Also, please note that in the FY1999/2000 plan the survey was expected to be conducted on an annual basis. It was recently decided to conduct the survey every other year. The next survey will be conducted in the Spring 2000.

How did we do? FY 1998 68%

FY 1999 Results will be available later in FY 2000

How will this goal and measure change in FY2001?

Provide increased opportunities for employee development and respond to employee needs.
Percentile of the average FTS score on the quality culture and organizational climate survey (average score for FTS divided by the seven possible responses). FY 1998 Baseline: 68% FY 1999/2000 Target: 70% FY 2001/2002 Target: 72%

Strategies:

- Develop and implement action plans to improve FTS' culture.

- Identify core competencies for each profession, create individual development plans, and identify and implement developmental work opportunities.

- Expand personnel compensation in the form of fast track cash awards to reward employees for performance. Continue providing incentive initiatives on a quarterly basis, such as business cards, and peer recognition awards ($50 vouchers).

- Increase investment in employee training. Provide employees with an individual training budget of 1% of salaries intended to enable employees to have a direct role in their own development. This individual training budget of 1% is in addition to the normal 4% training allocation. This would bring the total FTS employee training investment to 5%.

- Comply with Federal Acquisition Streamlining Act (FASA) requirements which require the Administrator to establish policies and procedures for the effective management (including education, training, career development, and performance incentives) of the acquisition workforce of the agency. FTS considered any necessary training under FASA to be included as part of the 5% employee training investment.

- Increase all forms of communications so that FTS employees have access to information necessary for effective job performance.

- Provide employees with state-of-the-art technology and tools to improve overall job performance.

IT Solutions & Network Services

GSA	
Strategic Goal	Compete Effectively for the Federal Market
GSA Strategic Objective	Provide quality products and services at competitive prices and achieve significant savings for Federal agencies.

Performance Goal: Increase the FTS share of the Federal IT market.

FTS revenues have grown from approximately $1.5 billion in FY 1995 to $4.2 billion in FY 1999, and are expected to be almost $5.5 billion in FY 2001. Most of this increase is in the IT Solutions area, where there is an upward demand for FTS products and services. Growing FTS' business will enable the Government to devote more resources directly to mission and program work and increase cost savings for the taxpayers. FTS strives to position itself to have the largest market share of customers to capitalize on the economies of scale in procuring services for them.

Financial management is essential to the success of our organization. Sound financial management practices permit management to effectively analyze programs, and ensure a system of accountability that focuses the organization on sound business decisions. Over the last three years, the revenue that flows through the IT Fund has grown over 100%. FTS is committed to retaining current customers and adding new customers in the future.

In providing the Government with an economical and efficient system for the procurement of IT and telecommunications services, FTS identifies and aggregates Federal requirements to offer contracts that yield substantial cost savings and value. FTS employees are experts in acquisition, telecommunications, information technology, and information security. We work with industry and Government to address critical issues affecting Government performance. From enabling Y2K compliance to making Government listings in public telephone directories more user-friendly, FTS ensures the necessary framework is in place to support the Government information infrastructure, and provides end-to-end security. In addition, FTS tests new acquisition and service delivery concepts, such as share-in-savings, that will enhance the Government's ability to use technology to better serve the public.

The percentage of the total available Federal IT market has been restated because the Office of Management and Budget (OMB) exhibits that were used in the calculations have been revised. FTS is now calculating market share based on total Federal IT spending data obtained from the "Report on Information Technology," OMB Exhibit 42. The use of this data results in lower market share projections than FTS was projecting when utilizing the "Obligations for Information Technology," OMB Exhibit 43.

In a competitive environment, it is important that FTS keep its existing customers and cultivate new ones. In order to do so, FTS will market itself as a quality provider of technology services at competitive prices that can help agencies achieve significant IT savings. It is also increasingly important for FTS to collaborate with other GSA programs to facilitate consistency in its interaction with clients. FTS will benefit from the marketing of the overall GSA image as a place where agencies can come for a larger GSA package that includes technology services. FTS will continue to provide enterprise solutions and tailored levels of service at competitive prices.

FTS representatives are knowledgeable about customer agencies' needs in order to identify the best solutions and deliver superior customer service. Due to the expertise of our contracting and sales force, FTS has aggressively driven Government rates down. The decrease in rates will result in a projected decrease in the Network Services business volume. Business volume includes both flow through and non-flow through revenue. Flow through revenues are those payments from customers made to FTS. Non-flow through revenues are those payments made directly to vendors by customer agencies. Although FTS is projecting decreasing business volume in Network Services, we consider this to be a successful result of our ability to drive market prices down and offer advantageous pricing to our customers that ultimately result in government-wide savings.

Performance
Measure: Total business volume as a percent of the Federal IT market.

		OMB Exhibit 43	OMB Exhibit 42
	Total FTS	Original	Restated
	Business Volume	% Federal IT Market	% Federal IT Market
FY 1999 Target	$4.1 billion	20.3 %	12.4 %
FY 2000 Target	$4.3 billion	21.3 %	12.6 %
Long Term	$5.0 billion	25.2 %	14.0 %
NOTES: The Percentage of the Total Available Federal IT Market has been restated since the FY 1999/2000 Performance Plan because the "Obligations for Information Technology," OMB Exhibit 43 is no longer available. FTS is now calculating market share based on the "Report on Information Technology," OMB Exhibit 42. The use of the OMB Exhibit 42 data results in lower market share projections than FTS was projecting when utilizing OMB Exhibit 43 because the FTS business volume projections are unchanged, while the size of the projected Federal IT spending is increased.			

How did we do?

		% of Total Available
	Business Volume	Federal IT Market
FY 1998	$3.8 billion	11.8 %
FY 1999	$4.5 billion	13.7 %

How will this goal and measure change in FY2001?

Assist Federal agencies in achieving significant savings by providing such high quality products and services at competitive prices that the demand for IT Solutions increases our overall business volume to obtain 15% of the Federal IT market.

Total business volume as a percent of the Federal IT market.

	IT Solutions Business Volume	Network Services Business Volume	% Federal IT/Telecom IT Market	Total Estimated Federal IT Spending
FY 1999 Baseline	$3.3 billion	$1.2 billion	13.7 %	$32.941 billion
FY 2000 Target	$4.3 billion	$1.1 billion	15.8 %	$34.221 billion
FY 2001 Target	$4.9 billion	$1.0 billion	16.6 %	$35.551 billion

Strategies:

- Use FTS competitive analysis studies to identify and penetrate new Federal markets that could benefit from the streamlined, cost effective, integrated solutions that FTS has to offer thereby achieving significant savings and freeing up resources for use in accomplishing customer agency missions.

- Identify new customers and small agencies that have the greatest need for support in telecommunications and IT purchasing and serve as a resource for them.

- Procure and offer customers a full array of network services and IT solutions services at the most competitive prices.

- Expand FTS presence overseas by establishing a presence in Europe, the Far East, and other areas.

- Develop contractual vehicles to allow agencies to enter into agreements to share risks and rewards with the private sector (e.g., Share In Savings).

- Implement the Customer Database and the Grey Pages, both of which are web-based databases. The Customer Database has information to help identify ours customers and provide an on-going record of our communications with them. The database will include a listing of all FTS customers and detailed information about customer contacts, purpose and dates of meetings, and other pertinent information. The Grey Pages is a database of FTS employees and potential customers detailing formal or informal points of contact or associations with officials in other agencies that can be utilized by FTS to facilitate customer relationships.

- Utilize and update the Products, Services and Solutions Database to facilitate understanding and enhance knowledge of FTS employees about the most current available offerings within FTS. This will allow FTS to take advantage of opportunities to increase the business volume of various service offerings.

- Collaborate with other GSA components to increase the potential for customer relationships.

Federal Technology Service

GSA	
Strategic Goal	Compete Effectively for the Federal Market
GSA Strategic Objective	Increase market penetration to maximize service to Federal agencies and effect the greatest advantage to the Government.

Performance Goal: Increase FTS business volumes while covering all expenses.

FTS plans to be the preferred technology provider for the Federal community. FTS will increase IT savings to the Government through extensive outreach efforts, new acquisitions, and dialogue with our customers, stakeholders and industry. At the same time, FTS will also ensure that its prices remain competitive by continuing to implement internal operating efficiencies within its programs to keep costs down.

Performance Measure: Business volume and excess revenues

	Business Volume	Excess Revenues
FY 1998 Baseline:	$3.8 billion	$26 million
FY 1999 Target:	$4.1 billion	$18 million
FY 2000 Target:	$4.3 billion	$ 5 million
Long-term:	$5.0 billion	$ 2 million

NOTE: The excess revenues for FY 1998 and FY 1999 were collected to smooth the transition to FTS2001.

How did we do?

Business volume and excess revenues.

	Business Volume	**Excess Revenues**	
FY 1997	$2.9 billion	$16 million	
FY 1998	$3.8 billion	$37 million	
FY 1999	$4.5 billion	$69 million	
NOTE: The excess revenues for FY 1999 will be retained to fund FTS 2001 Transition, Innovative Technology initiatives, the WITS upgrade, and planned contributions to Working Capital. Excess Revenues exclude unfunded expenses and reserve expenses.			

How will this goal and measure change in FY2001?

New Performance Goal: *Achieve and maintain an appropriate level of full cost recovery to maximize service to Federal agencies and effect the greatest advantage to the Government.*

New Performance Measure: Excess revenue as a percent of total expenses (excluding unfunded expenses and reserve use).

	IT Solutions Expense	Network Services Expense	Total Excess Revenue/(Loss)	Excess Revenues As % of Op Exp
FY 1999 Baseline	$3,095 million	$1,031 million	$69 million	1.67%
FY 2000 Target	$4,000 million	$1,010 million	($10 million)	(0.20%)
FY 2001 Target	$4,650 million	$ 850 million	$ 0 million	0.00%

NOTE: Total expenses exclude unfunded expenses and reserve use. The excess revenues for FY 1999 will be retained to fund FTS 2001 transition, Innovative Technology initiatives, the WITS upgrade, and planned contributions to Working Capital. In FY 2000 a loss was projected due to a planned IT Solutions move resulting from the expiration of their office space lease. The working capital reserve would have been utilized to cover this planned loss. Since that time, the lease has been extended and the move postponed.

Strategies:

- Cover expenses by maximizing the use of existing contracts, such as the $25 billion Millennia contract for large scale systems integration projects, the Millennia Lite for small to mid size systems integration projects, and the Seat Management contracts.

- Procure and offer customers a full array of telecommunications and IT solutions services at competitive prices compared with those in the commercial sector.

- Cover expenses by maximizing use of the Applications in Support of Widely-Diverse End User Requirements (ANSWER) and the Access Certificates for Electronic Services (ACES) contracts which use public key infrastructure certificates as the enabling technology to provide end-to-end security of information for the public and the Government.

Ensure a smooth transition to the FTS2001 contracts which offer competitively priced, state of the art, comprehensive telecommunications services worldwide.

- Continue to award the Metropolitan Area Acquisition (MAA) contracts which are designed to take advantage of competition in major markets to achieve an immediate, substantive, and sustained price reduction for local telecommunications services.

- Provide up-to-date and cost effective communications with the Washington Telecommunication System (WITS) 2001 contract which provides services to all Federal agencies and other authorized users in the Washington, DC, and surrounding metropolitan area. WITS 2001 offers agencies Internet- and Intranet-oriented services and access arrangements.

- Complete implementation of a virtual wireless store that will feature both land and satellite-based wireless products and services.

- Increase the use of non-FTS contracts for specialized buys, such as FSS Schedules and Government-wide Acquisition Contracts (GWACS).

- Provide flexibility in new contracts to allow for tailored levels of service and pricing (e.g., direct order/direct bill).

- Establish tiered rates for regional programs based on the level of service needed to meet customer requirements (i.e., limited versus full service).

- Develop accurate revenue and expense goals and profit/loss targets for each business line against which performance will be measured quarterly. Develop and implement business plans, including marketing plans, to ensure the success of new contracts.

- Reduce operating costs by implementing ITSS and ITOMS to allow FTS to take advantage of reduced costs associated with the electronic processing of transactions.

- Take advantage of acquisition reform to bring new or enhanced services to the marketplace as rapidly and cost effectively as possible, such as shared savings. Increase participation of small, small-disadvantaged, minority and woman-owned businesses in all FTS programs.

Network Services

GSA Strategic Goal	Compete Effectively for the Federal Market
GSA Strategic Objective	Provide quality products and services at competitive prices and achieve significant savings for Federal agencies.

Performance Goal: **FTS2000/2001 prices are competitive with the lowest offerings of commercial prices.**

FTS prides itself on offering its customers quality goods and services at competitive prices. FTS2001 prices will continue to decrease and are expected to continue to decrease over the forseeable future. FTS prides itself on offering its customers quality goods and services at competitive prices.

Performance Measure: Percent difference between FTS2000 prices and commercial prices.

FY 1999 Target	FTS2000 prices will be below commercial prices.

How did we do?

FTS Performance Indicator **Percent difference between FTS2000 prices and commercial prices**	
	% Below Commercial
FY 1999 Estimated *	15.5%
FY 1998	15.9%
FY 1997	14.0%
* Note: The FY 1999 information will be available after July 2000.	

How will this goal and measure change in FY2001?

Acquire FTS2001 prices that are lower than and remain competitive with average commercial prices.	
FTS Performance Indicator **Percent difference between FTS2000/FTS2001 and commercial prices.**	
	% Below Commercial
FY 1999 Estimated Baseline	15.5%
FY 2000 Target	15.0%
FY 2001 Target	15.0%

Strategies:

- Ensure a smooth FTS2001 transition by December 2000.

- Market Data Service to FTS customers to assist in counteracting shifting trends in Voice Service attributable to decreasing Voice Service prices to keep overall volume at a reasonable level.

- Explore publishing only total rate charged to customers rather than providing a breakdown of the rate structure indicating flow through costs and surcharge percentage in order to facilitate full cost recovery.

- Monitor and compare total program prices of FTS2001 with those of equivalent commercial services for the same FTS2001 traffic and circuits.

Network Services

GSA Strategic Goal	Compete Effectively for the Federal Market
GSA Strategic Objective	Provide quality products and services at competitive prices and achieve significant savings for Federal agencies.

Performance Goal: **Reduce average monthly local line rate.**

The traditional use of line counts and cost per line is no longer the only measure by which the local telecommunications services program evaluates success. The FTS regional telecommunications program continues to reduce the average monthly local line rate. The projected average monthly line rate projected for FY 2000 reflects an overall reduction of almost 35% from the FY1994 average monthly line rate. In FY 1998, FTS began to proceed with its planned Metropolitan Area Acquisition (MAA) program, designed to take advantage of competition in major markets to achieve an immediate, substantive, and sustained price reduction for local telecommunications services.

Performance Measure: Average monthly line rate.

FY 1998 Baseline: $20.77
FY 1999 Target: $19.94
FY 2000 Target: To be determined

How did we do?

	Monthly Line Rate	Prior Year Monthly Line Rate	Percent Change Over Prior Year
FY 1997	$ 19.97	$ 24.16	(17.3 %)
FY 1998	$ 21.01	$ 19.97	5.2 %
FY 1999	$ 19.74	$ 21.01	(6.0 %)

How will this goal and measure change in FY2001?

Provide quality products and services at competitive prices and achieve significant savings for Federal agencies by reducing the average monthly local line rate by 12% over the FY 2000 monthly line rate..

Average monthly local line rate.

Average monthly local line rate			
	Monthly	Prior Year Monthly	Percent Reduction
	Line Rate	Line Rate	Over Prior Year
FY 1999 Baseline	$ 19.74	$ 21.01	6.1 %
FY 2000 Target	$ 18.81	$ 19.74	4.7 %
FY 2001 Target	$ 16.55	$ 18.81	12.0 %
Long Term	$ 15.00	$ 16.55	9.4 %

Strategies:

- Continue to award Metropolitan Area Acquisition (MAA) contracts for local telecommunications services in major metropolitan areas in FY 2000. This new contract vehicle will leverage the large Federal presence in these highly competitive local telecommunications markets to maximize the benefits and savings to the Federal user agencies.

- Continue reducing costs by: 1) providing customer billing information via the Internet, which results in significant savings in printing and distribution costs; and 2) revising FTS' cost distribution process to provide a more equitable charge for services used.

Federal Technology Service

GSA Strategic Goal	Compete Effectively for the Federal Market
GSA Strategic Objective	Provide quality products and services at competitive prices and achieve significant savings for Federal agencies.

Performance Goal: Reduce acquisition cycle times.

For FTS customers, the speed with which we can deliver contract services is as highly valued as our competitive prices. FTS has aggressively implemented acquisition reform and is constantly looking for better ways to expedite IT and telecommunications acquisitions to meet the new and emerging needs of customers. Recognizing the importance of timeliness, FTS is committed to reducing acquisition cycle times.

Performance Measure: Average calendar days to award contracts.

	Directed (8a)	Sole Source	Single Award	Multiple Award	Modifications
FY 1998 Baseline	29	28	50	239	53
FY 1999 Target	45	60	180	180	90
FY 2000 Target	TBD	TBD	TBD	TBD	TBD
TBD = To Be Determined Note: The FY 1999 goals were determined after the FY1999/2000 Performance Plan was published.					

How did we do?

Average calendar days to award contracts.

	Directed (8a)	Sole Source	Single Award	Multiple Award	Modifications
FY 1998	29	28	50	239	53
FY 1999	15	27	55	23	14

How will this goal and measure change in FY2001?

It was decided to revise the indicator to focus on two phases of awarding task and delivery orders: from quotation to award, and from notice to proceed to award. We have also decided to align it with GSA Strategic Goal 3: Excel at Customer Service.

Be Customer Centric – reduce acquisition cycle times. Average calendar days to award task and delivery orders over $2,500.		
	Average Number of Days from Request for Quotation to Award	Average Number of Days from Notice to Proceed to Award
FY 1999 Baseline	12	16
FY 2000 Target	10	15
FY 2001 Target	9	14
Note: Task and delivery orders will be tracked at a lower threshold, of $2,500, rather than the previous threshold of $100,000.		

The "average calendar days to award task and deliver orders over $2,500" will be aligned with the **Excel at Customer Service** GSA Strategic Goal instead of the **Compete Effectively for the Federal Market** GSA Strategic Goal in future documents.

Federal Technology Service

GSA Strategic Goal	Excel at Customer Service
GSA Strategic Objective	Incorporate customer feedback and customer satisfaction data in GSA's planning and decision-making process.

Performance Goal: Increase customer satisfaction with FTS representatives and products/services.

FTS obtains information from customers through personal visits, focus groups, telephone interviews, surveys, and other methods. The objective is to better understand customers' needs, their levels of satisfaction with FTS services and products and FTS representatives, and why they do business with FTS competitors. FTS uses this and other customer information in planning and improvement efforts. The current survey effort consists of surveys that are specifically tailored to our IT Solutions and Network Services business lines and various programs.

Performance Measure: Customer satisfaction ratings on annual FTS survey.

Actual results will be used as target in the first year.

How did we do?

Average ratings (percent responding as satisfied) on customer satisfaction ratings on annual FTS surveys.

	Satisfaction with IT Solutions		Satisfaction with Network Services	
		ProgramProducts		Program, Products
	Representative	& Services	Representatives	& Services
FY 1999	84.8 %	82.5 %	73.7 %	76.2 %

How will this goal and measure change in FY2001?

Implementation of the IT Solutions Concept of Operations in the past year enabled FTS to provide every client access to the full range of FTS solutions, enabling FTS to do more business with more customers using industry partners. The four Solutions Development Centers have awarded innovative new multiple award contracts and fostered the use of solutions offered by the entire contract portfolio. As a result, obligations on existing contracts are skyrocketing across the board and FTS is attracting new customers. Hard work, fantastic results, and creativity have been the hallmarks of IT Solutions in FY 1999.

Network Services programs also showed revenue increases despite major price reductions on many of their products and service offerings. Through innovative contracting initiatives and truly remarkable acquisition successes, Network Services customers enjoyed unprecedented price reductions. The Network Services business line has played a key role in fueling competition in the telecommunications industry as a whole, resulting in benefits for private as well as public sector consumers.

Be Customer Centric – increase customer satisfaction with FTS representatives and products/services by 2.8% over FY 2000.

Percentage of customers indicating satisfaction with FTS representatives and programs, products, and services on annual FTS surveys as indicated by responding four or five on a scale of one to five.

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:	Satisfaction with IT Solutions		Network Services	
		Program, Products		Program, Products
	Representative	& Services	Representatives	& Services
FY 1999 Baseline	84.8 %	82.5 %	73.7 %	76.2 %
FY 2000 Target:	86.0 %	83.7 %	74.7 %	77.3 %
FY 2001 Target:	88.4 %	86.0 %	76.8 %	79.5 %

Strategies:

- Ensure a smooth FTS2001 transition by December 2000.

- Continue to give regional managers flexibility in setting local service rates, and to provide customers with a more concise, meaningful billing statement.

- Provide FTS employees with an automated product and service catalog, a customer profile database, and other automated systems.

- Continue to use various means to collect customer satisfaction and related marketing information.

- Develop a new pricing strategy fto provide more flexibility to customers for local telecommunication services.

- Establish Customer Action Teams (CAT's) consisting of a nationwide network of existing FTS employees who focus on specific customers. Initial customers on whom FTS will focus on include the Environmental Protection Agency (EPA), the Defense Financial Accounting Service (DFAS), the Army Corps of Engineers, and the Internal Revenue Service (IRS).

- Continue to educate and train FTS representatives in product and service offerings and customer service.

- Ensure that all FTS representatives are well informed about all offerings across and within business lines so that they are able to present GSA as a "total solutions source."

Federal Technology Service

GSA	
Strategic Goal	Anticipate Future Workforce Needs
GSA Strategic Objective	Provide state-of-the-art equipment and workplace environments to meet the needs of the mobile Federal worker.

Performance Goal: Develop new and enhanced service offerings.

FTS is committed to providing its customers leading-edge technology and streamlined and innovative acquisition support. FTS will use the findings of competitive analysis studies to identify new technology service offerings. We will also work with other GSA organizations on integrated projects that have a technology component. In addition, FTS will identify customer requirements for new or enhanced service offerings and collaborate with the contractor community to find ways to meet their needs quickly and inexpensively.

Performance Measure: Contracts awarded (number and total value) for new and enhanced service offerings. (Only contract modifications over $100,000 will be reported.)

	Number of Actions
FY 1999 Target	Actual number of contracts awarded will be used as target in the first year.
FY 2000 Target	Contracts Awarded

How did we do?

Number of contracts (valued over $100,000) awarded for new
and enhanced service offerings**.**

	Number of Actions
FY 1997	419
FY 1998	433
FY 1999	601

How will this goal and measure change in FY2001?

The indicator will be refined to track the number of contracts and modifications awarded that exceed $100,000. The dollars awarded is not a reasonable predictor since it has fluctuated so widely over the last three years. One contract can involve millions or billions of dollars.   The Federal Procurement Data System (FPDS) contains procurement activity data, but does not segregate "new and enhanced service offerings" as a category, FTS will track contracts and modifications that exceed $100,000. It is expected that by increasing the number of actions, this will ultimately result in increased new and enhanced service offerings.

Provide state-of-the art equipment and workplace environments to meet the needs of the mobile Federal worker by making available new and enhanced service offerings and increasing the number of actions awarded by 2 percent over FY 2000.	
Number of contracts and modifications awarded. **Includes all actions that exceed $100,000.**	
	Number of
	Actions
FY 1999 Baseline	601
FY 2000 Target	607
FY 2001 Target	619

Strategies:

- Use market analyses to enhance the FTS Business Decision Process and to identify potential new service offerings.

- Implement the Business Case Assessment Model (BCAM) to assist in the evaluation of potential service offerings to determine if it makes good business sense to undertake particular procurements.

- Collaborate with other GSA components to improve and create new customer relationships.

- Expand industry partnerships with industry to keep abreast of leading edge technologies that will assist us in meeting the changing needs of our customers, and develop new contracts that maximize use of commercial solutions and commercial business practices.

- Set and meet aggressive milestones for all procurement awards.

E. Programs and Initiatives

WillowWoods Complex. In June 1999, FTS consolidated eight geographically separated offices into a central facility in Fairfax, Virginiain June 1999.   FTS viewed the move as an opportunity to showcase new technology and advancements in the IT Solutions and Network Services business lines. FTS employees were issued Smart Cards under GSA's SmartPay contract and state of the art computer and network systems under the Seat Management contract. FTS envisions the WillowWoods Complex to be a showcase for other agencies to see FTS multiple offerings in action.

Share-in-Savings.   Share-In-Savings (SIS) contracting is a special contracting and funding strategy in which a system's development and operation are funded and the contractor paid (in part or in full) out of the savings or enhanced revenue generated by contract performance. The burden of risk in SIS contracting is shifted dramatically from the Government to the contractor. Contractor payment is made only after substantial results have been realized; thus, agencies pay only for results and not just effort.   SIS contracting reduces costs and relieves the Government from funding capital funding expenditures or major investments. SIS acquisitions have significant potential to enhance the performance of agency programs, and to bring in new technology and new methods of doing business.   SIS improves contract focus by better aligning agency and contractor goals.

Among the initiatives and contract vehicles featured under the **IT Solutions Business Line** in the coming year are the following:

Millennia Contract. This multiple award/indefinite quantity (IDIQ) contract was awarded to 12 prime contractors for a base period of 5 years with one 5-year option period, and a $25 billion ceiling. This highly flexible, comprehensive contract is designed to support large, complex systems integration projects.   It covers information technology services, hardware and software. One of the keys to its success is the fact that it has cost plus fixed fee,contract line item number, something that is critical in IT work because it allows FTS to define and buy very precise skill levels at realistic prices. There has been an explosive interest in this contract since its award in May 1999. The first task order under this contract was for $22 million and was awarded in August 1999. Based on experience with Millennia's predecessor contract, IT Solutions anticipates using most of the $25 billion ceiling within the base period of the contract.

Millennia Lite. This multiple award/indefinite quantity (IDIQ) contract will be awarded late in FY 2000. This highly flexible, comprehensive contract, similar to Millennia, is designed to support small to mid-level systems integration projects.   It covers information technology services, hardware and software. Again, one of the keys to its success will be the cost plus fixed fee, contract line item number.

Seat Management. The FTS Seat Management program provides Government organizations with a way to acquire their entire distributed computing environment, including managed life cycle support, from a single point of contact. Seat Management is a term that is used in the computer industry to describe an approach to supporting workstations in an IT environment as well as being a program that FTS offers to customers. Seat Management is the outsourcing of Personal Computer (PC) acquisition and support with options that include incorporating associated infrastructure and peripheral devices. It has the capability to provide all hardware, software and Local Area Networks (LANs) to an agency with the exception of specialized agency applications. It can essentially be viewed as a turnkey solution for a computing environment which allows for keeping up to date with technology by refreshing both equipment and software, and is intended to be as easy to use as any utility (e.g. water, electricity, etc.). The term seat refers to the number of workstations being supported.

The FTS Seat Management contracts offer the Federal IT community reduced costs and increased operational efficiencies through adoption of the successful private-sector practice which shifts the risk and burden associated with maintaining current technology within the organization from the Government to the contractor. The contractor becomes responsible for keeping current with the rapid pace of technology change and meeting the demand for skilled IT staff who are current on the use of evolving network systems and management tools. As a result of this shift in responsibilities, Seat Management allows agencies to focus on their core business, improve service to users, control the total cost of ownership, and improve interoperability, standardization and compatibility.

In FY 1999 GSA awarded the first task order under its government-wide Seat Management Services contract to Litton/PRC Inc., at an evaluated price of approximately $114 million over ten years of service. This will support 2,500 GSA employees in its headquarters building in the District of Columbia, and Federal Technology Service offices located in Fairfax, Virginia; Falls Church, Virginia; and Lexington, Massachusetts. Over time this task order will be extended to all GSA offices and has the potential to grow to over $600 million for 14,000 employees. Since this first award FTS has successfully awarded additional task orders under the Seat Management Services contract. In June 1999, a task order was awarded to Wang Governmental Services for 1,600 seats at the Treasury Department. In July 1999, a task order was awarded to Techserve (Dyncorp) for 800 seats at the Office of the Inspector General of the Department of Housing and Urban Development.

Another vehicle under the Seat Management initiative is the Outsourcing Desktop Initiative (ODIN) for the National Aeronautics and Space Administration (NASA) contract. ODIN is a contract administered by NASA that FTS is authorized to market to non-NASA agencies. In June 1999, a delivery order was awarded to Boeing Information Systems (recently acquired by SAIC) for 4,500 desktops at the Health Care Financing Administration (HCFA).

The National Aeronautics and Space Administration (NASA) administers another Seat Management contract called the Outsourcing Desktop Initiative for NASA (ODIN) contract. FTS is authorized to market this initiative to non-NASA agencies. In June 1999, a delivery order was awarded to Boeing Information Systems (recently acquired by SAIC) for 4,500 desktops at the Health Care Financing Administration.

Presidential Decision Directive 63 (PDD-63). PDD-63 establishes a structure and process to protect the national critical infrastructure, both physical and information technology based. President Clinton issued PDD-63 outlining the Government's approach for protecting the nation's critical infrastructures. The Office of Information Security (OIS) was appointed as the Executive Agent for the Federal Sector to oversee the development of this interagency initiative. This Directive provides a wide range of solutions through Federal and industry partners focusing on information assurance, vulnerability assessment methodologies, contingency planning techniques, and research and development planning activities.

Operation SAFEGUARD. In FY 2000 FTS will begin to manage the SAFEGUARD program which provides a full range of professional infrastructure assurance services and products necessary for strengthening the Nation's defenses against emerging unconventional threats including physical attacks on our critical infrastructures and cyber-based attacks. The FTS SAFEGUARD Program consists of multiple contract options to provide maximum flexibility through 27 industry partners. The Office of Information Security (OIS) awarded the first contract under SAFEGUARD in July 1999. The award to Booz, Allen & Hamilton is to assist the Department of Veterans Affairs with a network security plan for their transition from a private, wide area network to the FTS2001 public wide area network.

Federal Intrusion Detection Network (FIDNet) FIDNet is a new capability which the *National Plan for Information Systems Protection* expressly outlines as a mechanism to better secure the Government's own internal, non-military information systems. The Federal Computer Incident Response Capability (FedCIRC) housed at GSA, is the center tasked with providing Federal agencies both with advance warnings of malicious activity that may affect their information systems and recommended means of defense against such activity. FIDNet automates FedCIRC's present capability to receive, correlate and disseminate the indications of networking threats and vulnerabilities to Federal agencies. However, FIDNet has no connectivity to any non-governmental systems. Pursuant to the *National Plan for Information System Protection,* GSA will host an inter-agency program office with personnel detailed from the Departments of Commerce, Defense, Energy, Housing and Urban Development, and Transportation for the purpose of designing an architecture which tackles the technical issues of critical infrastructure protection, yet complies with all applicable privacy-related statutory requirements. In FY 2001, GSA will build and test a FIDNet prototype.

Access Certificates for Electronic Services (ACES). FTS manages this contractto deliver public key certificates to the general public as a way of facilitating secure access to Government services. In FY 1999, FTS awarded a contract for services that will use public key infrastructure certificates as the enabling technology to provide end-to-end security of information for citizens and the Government.

Smart Card Technology. In FY 1999 GSA began offering a program using Smart Card technology in selected locations.through the Office of Smart Card Initiatives Five credit card companies were awarded contracts to provide card services to the government under GSA's SmartPay contract. Smart Cards are the next generation of employee cards. FTS employees in selected offices are issued Smart Cards that are a credit card on one side with a Government photo ID on the other. The cards are used to gain access to secure facilities, access to secure computer networks, for credit card purchases and boarding airline flights. The cards carry data for public key infrastructure, digital signatures and biometrics data, such as fingerprints. Smart Cards offer an unsurpassed mobile computing
platform for identification and authentication as well as repetitive administrative functions. In FY 2000, the Office of Smart Card Initiatives will compete and award a Government-wide "Common Access Identification" Smart Card contract for use by Federal agencies. The Office of Smart Card Initiatives will strive to offer the latest technology to promote services for the reduction of paper-based administrative systems

IT Solutions Shop (ITSS). The IT Solutions Shop is a web based electronic commerce system, supporting approximately 1800 customers, vendor representatives, and FTS Staff. On average, $2 million worth of orders pass through the IT Solutions Shop each day in the Pacific Rim Region alone. This volume is expected to increase dramatically as the IT Solutions Shop is adopted nation-wide.

Technology Enhanced Learning. The FTS University will offer high-quality training and classes in information technology and telecommunications. The FTS University will not have a campus, as courses will be delivered on-line, on-site or off-site. FTS envisions a strong commitment to the best quality content, delvered by a highly reputable faculty. FTS University will make it easier for GSA customers to get excellent, affordable IT and Telecommunications training and education for their employees. FTS will work with the private sector to develop curricula for certificate programs, offer courses and seminars, and present an annual training conference geared to fufilling continuing education requirements.

Enterprise Resource Planning. In FY 2000, FTS will enter the Enterprise Resources Planning (ERP) systems arena. ERPs are modular based and are commonly defined as fully integrated financial and administrative management systems and are widely used, -116-

successfully, throughout private industry. They often include modules for manufacturing, inventory, logistics, supply management, etc. We will provide contractual mechanisms, project managers, systems consultants and contracting office services to supply ERP systems to Federal customers.

In FY 1999 the Federal government estimates that t will spend over $3 billion on financial and administrative systems. The objective of the FTS program is to stimulate Federal agency usage of "world class" ERP products and services and to encourage industry to enter the Federal marketplace. FTS plans include a "virtual ERP contract" which will identify existing schedules/contracts for all systems, services, software etc., needed to install and operate an ERP and link them together using blanket purchase agreements or other creative/appropriate procurement mechanisms. ERP pilots will be created to demonstrate the effectiveness of these systems.

Several new advanced networking and value-added offerings under the **Network Services Business Line** include the following:

Metropolitan Area Acquisitions (MAAs). High prices and little competition previously characterized local telecommunications services but the passage of the Telecommunications Act of 1996 removed some of the legal and regulatory obstacles to competition in these local exchange markets. Competition has been slow to emerge and remains limited, except in large metropolitan areas. Therefore, GSA is taking the lead to actively participate in these competitive markets. In FY 1998, FTS proceeded with its planned Metropolitan Area Acquisition (MAA) program, designed to take advantage of competition in major markets to achieve an immediate, substantive, and sustained price reduction for local telecommunications services. The first awards in this program were made to AT&T on May 20, 1999 in three initial MAA cities of New York, Chicago, and San Francisco. The MAA award was the first large competitive Federal procurement of local exchange services which includes advanced digital and networking services. The objective is to lower prices to customers through the aggregation of requirements and open competition. The first three MAAs successfully resulted in a 70% price reduction over previous Federal rates. Additional MAA acquisitions will be awarded in Baltimore, Maryland; Cincinnati, Ohio; Cleveland, Ohio; Dallas, Texas; Denver, Colorado; Los Angeles, California; Miami, Florida; New Orleans, Louisiana; and St. Louis, Missouri during FY 2000.

FTS2001 Contracts. The FTS2001 contracts which provide telecommunications services to Federal agencies were awarded to Sprint and MCI WorldCom in December 1998 and January 1999, respectively. These contracts are estimated to be worth more than $5 billion over the eight-year contract period. FTS2001 replaces the successful FTS2000 contracts and retains many key elements, especially aggressive price competition.

Through GSA negotiations over the past ten years, telecommunications services for Federal customers have gone from a national average of 27 cents per minute in FY 1988 to 5.8 cents per minute in FY 1999 under FTS2000. Under FTS2001, prices start at 4.5 cents per minute and drop to less than 1 cent per minute by the end of the contract. Transition to FTS2001 began in June 1999 and should be completed in 18 months.

Washington Telecommunications System 2001 (WITS 2001). WITS 2001 will provide up-to-date and cost effective communications services to all Federal agencies and other authorized users in the Washington, DC, and surrounding metropolitan area. It will offer agencies Internet- and Intranet services and access arrangements. Data services, such as circuit switched data, dedicated transmission, asynchronous transfer mode, frame relay, and switched multi-megabit data, will also be offered. In addition, the contract will incorporate new innovative services, as they become commercially available, ensuring that

WITS 2001 keeps pace with evolving technology. In FY 1999 WITS provided switched voice and data services to approximately 165,000 Federal users in the National Capital Region and an additional 29,000 users are served by the Consolidated Centrex system. The WITS is also connected to other Exclusive-Use systems in a collaborative effort to share and aggregate services to achieve economies of scale.

Federal Relay Service (FRS). FRS provides telecommunications services between hearing individuals and individuals who are deaf, hard of hearing, and/or have speech disabilities, enabling them to communicate and conduct business with hearing employees in the Federal Government. FRS provides domestic and international coverage to the public and to Federal agency personnel seven days a week, 24 hours a day. FTS awarded a new FRS contract to Sprint in August 1998 to continue this valuable service.

In-flight Communications Service. The AT&T Wireless In-Flight Communications Services contract provides a significant benefit for Federal travelers. Federal travelers can access voice, data, and fax over the airline seat phones at discounts from 10-50%, over commercial rates, based on usage levels. The more usage, the higher the discount. Based on current usage, the AT&T Wireless discount is currently at 10%. Federal travelers can access In-Flight services via their Government-issued travel card.

Virtual Wireless Store. In FY 1999 FTS will complete implementation of a "virtual" wireless store that will make it easier for customers worldwide to know about the latest wireless technology and how to obtain it. The virtual wireless store will feature both global land-based and satellite-based wireless products and services.

G. Data Verification and Validation

Financial data are currently maintained in the GSA National Electronic Accounting and Reporting (NEAR) system. GSA will be migrating to a new system called Pegasys beginning in FY 2000. NEAR and Pegasys will be maintained simultaneously in FY 2000 so that the integrity of the Pegasys system can verified and validated. Assuming a successful migration to the Pegasys system, financial data will be maintained in the Pegasys system in FY 2001. Audited annually for the past 10 years by an independent public accountant, GSA's financial statements have earned an unqualified opinion (a clean opinion) each year.

The GSA Office of Inspector General (OIG), Finance Audit Office, completed an audit of FTS IT Solutions internal controls on September 29, 1999. The audit objective was to obtain evidence that the internal controls over FISSP, FAST and FEDSIM revenue and disbursement cycles are effective and operating efficiently to meet the following control objectives:
(1) Did the Government receive what it paid for?
(2) Did GSA bill the customer agency for services timely and accurately?
(3) Did GSA pay in accordance with the contract?
(4) Were billing and payment transactions accounted for and reported accurately in GSA's financial accounting system?

As a result, the OIG reported that internal controls over FISSP, FAST, and FEDSIM revenue and disbursement cycles appear to be effective and sufficient to meet control objectives. In August 1999, FTS requested that the OIG conduct a limited review of the IT Fund process for payments made to small businesses to ensure that the IT Fund is in compliance with the requirements of the Prompt Payment Act. FTS has not received a response to this request. The annual financial statement audit and audits performed by the OIG support FTS' assertion that the data contained in the financial system is valid and reliable.

FTS intends to develop a system for collecting and evaluating performance measurement data, other than the financial data. Managers will be required to assert that the data is valid, reliable, and timely, or will develop plans for improvement.   The OIG is performing a review of the methodology for determining business volume and its suitability as a performance indicator. Other data and data sources used throughout this document are discussed below.

a) The IT market share is calculated using flow-through revenue that was captured in the financial accounting system and non-flow through revenue that is collected by the program offices. The non-flow through revenue represents a very small percentage of the total revenue. Together, these amounts provide the IT business volume. Total

b) Federal IT market share is based on OMB Exhibit 42. The OIG has performed a limited review of the data presented in this exhibit and the methodology used to calculate market share. This exhibit compares to projections of Total Federal IT Spending provided by Federal Sources, Inc. as follows:

	OMB Exhibit 42	Fed Sources, Inc.
FY 1999	$32.941 billion	$33.225 billion
FY 2000	$34.221 billion	$34.453 billion
FY 2001	$35.551 billion	$35.726 billion

c) Customer survey data and the employee surveys are collected and analyzed by independent contractors, with a good reputation in survey methodology and management, to ensure that the data are valid and reliable. Transactional surveys that are conducted frequently by regional personnel are not verified at this time. FTS intends to develop a system for collecting and evaluating this data. Managers will be required to assert that the data is valid, reliable, and timely, or will develop plans for improvement.

d) Task order and other contracting data are collected from the regional and Central Office contracting offices and are used to report the average number of days in the procurement lead-time cycle for contract actions. Detailed information about these actions is contained in the Federal Procurement Data System (FPDS) and forms the basis and backup for the information reported. Lead-time data are manually collected and reported by individual contracting offices. Data are collected from the regional and Central Office contracting offices and are used to report contract enhancements and new awards.

e) Periodically, rates charged customers under the FTS2000 program are compared to commercial rates that are currently obtained from FCC tariffs. Calculations are performed with the aid of computer models developed by Mitretek Systems and have been in use and updated over several years. The calculations performed by Mitretek were presented in the "**January 1999 GSA Report to Congress on the Cost Effectiveness of the FTS2000 Program.**" The OIG has performed a limited review of the data presented in this report and the methodology used in preparing this report.

VI. OFFICE OF GOVERNMENTWIDE POLICY

The Office of Governmentwide Policy (OGP) provides the Federal community with a comprehensive Governmentwide policy infrastructure that guides and assists agencies in performing the administrative services that support the successful completion of their missions. OGP's Governmentwide policy infrastructure encompasses the following 12 areas:

Acquisition	Aircraft
Committee Management	Electronic Commerce
Information Technology	Mail Management
Motor Vehicles	Personal Property
Real Property	Regulatory Information Services Center
Transportation	Travel

The GSA Fiscal Year 1999/2000 Performance Plan contains several performance goals and measures pertaining to our support of these 12 areas. As required by the Government Performance and Results Act, this report describes how OGP fared in relation to its 1999 performance goals. Actual 1999 performance data for each measure and appropriate commentary describing the reasons why a target was or was not met are included.

Overall, OGP was very successful in meeting its goals for FY 1999. The keys to this success are close collaboration with the Office of Management and Budget and a close working relationship with our customer agencies. Another key to the successes of 1999 is close contact with the various industries that correspond to the areas under OGP's purview.

The performance goals and measures for FY 2001 are the basically the same as those for 1999/2000, with a few minor adjustments. These modifications will become apparent as the reader reviews the attached report. Furthermore, the many initiatives undertaken to meet the goals for 1999 will support and help achieve the performance targets for FY 2000. Thus, FY2000 targets that appeared in the 1999/2000 plan have not been changed.

Looking ahead, OGP looks forward to dramatically changing the performance goals and measures that are listed below. OGP is developing a Balanced Scorecard. Based on interviews with GSA officials, our customers, and stakeholders, the scorecards for OGP and each major office will significantly change our performance goals and the measures we look at in order to achieve those goals. Implementation of the Balanced Scorecard will result in even greater service to our Federal customers and an OGP workforce that is ready to meet the challenges of the 21st Century!

Governmentwide Policy Infrastructure

GSA Strategic Goal	Promote responsible asset management
GSA Strategic Objective	Develop, advocate and evaluate policies and best practices that enable better acquisition, management and utilization of Government resources.

Performance Goal: **Organize, lead and collaborate with Federal agencies to implement requirements of Federal Laws and Executive Orders and address Governmentwide issues.**

OGP has established interagency working groups and supports others to foster collaboration and cooperation with agencies in developing a policy infrastructure in administrative areas under OGP's purview. OGP is currently working with 70 interagency groups, including local, State and other national governments. The policy infrastructure will assist these agencies in performing the administrative services that support their missions.

Performance measure: Number of areas with OGP-supported interagency committees.

FY 1998 Baseline: 12 of 12
FY 1999 Target: 12 of 12
FY 1999 Actual: 12 of 12
FY 2000 Target: 12 of 12
Long-term: 12 of 12

Reasons for Success:

Two keys for success for this measure are the collaborative atmosphere generated by OGP employees and the eagerness of the agencies we serve to be included in the policymaking process. This collaborative spirit will be further ingrained in OGP's processes when its Balanced Scorecard effort comes to fruition over the next year or so. Given this, the FY2000 level is realistic, achievable, and very maintainable.

Actual performance information for FY 1996 and 1997 is not available.

Governmentwide Policy Infrastructure

GSA Strategic Goal	Promote responsible asset management.
GSA Strategic Objective	Develop, advocate and evaluate policies and best practices that enable better acquisition, management and utilization of Government resources.

Performance Goal: Maintain up-to-date policies and guidelines for those areas within OGP's responsibility.

OGP is responsible for not only developing regulations, but also for ensuring that they are updated to address issues raised by the Executive and Legislative branches.

Performance Measure: Percent of planned regulatory changes completed.

FY 1998 Baseline: 20%
FY 1999 Target: 55%
FY 1999 Actual: 58%
FY 2000 Target: 85%
Long-term: 100%

Reasons for Success:

The key to successful achievement of this goal has been close collaboration with the Office of Management and Budget and with our customer agencies. Transforming our regulations and policies into the Plain Language format has been a challenge, but one that is made easier by not only collaborating with OMB and our customers, but also with GSA's General Counsel and other internal GSA offices.   It is also important that we continue to communicate regularly with the Federal Register to insure its requirements are met in order to publish our regulations in a more timely manner.

As everyone becomes more accustomed to writing in Plain Language, it should be easier to achieve our regulatory and policy-making goals. Thus, completing 85% of our initiatives during fiscal year 2000 is an achievable goal.

Actual performance information for Fiscal Years 1996 and 1997 are not available.

Governmentwide Policy Infrastructure

GSA Strategic Goal	Promote responsible asset management.
GSA Strategic Objective	Develop, advocate and evaluate policies and best practices that enable better acquisition, management and utilization of Government resources.

Performance Goal: Identify and publish best practices for those areas within OGP's responsibility.

In collaboration with Federal agencies, OGP identifies and publishes best practices in the areas within its purview. Publications take the form of printed documents, booklets and information posted on OGP web sites. In some areas, e.g., real property, the mechanism for disseminating best practices has been in place for some time and is widely used by customer agencies. In others, OGP is in the early stages of developing a methodology for identifying best practices and communicating them to the rest of the Government.

Performance Measure: Percent of processes completed

FY 1998 Baseline: 50%
FY 1999 Target: 71%
FY 1999 Actual: 92%
FY 2000 Target: 100%
Long-term: 100%

Reasons for Success:

The most important key to success in for this goal and measure has been sustained contact with the industry that corresponds to the OGP policy area (for example, the Federal Vehicle Policy Division maintains contacts with the fleet management industry). The second important key to success has been the collaboration with other agencies through interagency committees. These committees provide a forum at which agencies can share information and work on common problems. Through these committees, many ideas have been tried out through pilot programs and other partnerships. Finally, best practices have been successfully communicated through various newsletters and more importantly the World Wide Web. The Web has proven almost as important as the interagency forums when it comes to disseminating important and useful information.

The use of newsletters, web pages and interagency committees continue to grow, as do our contacts with the commercial sector.

Performance data for fiscal years 1996 and 1997 are not available.

Governmentwide Policy Infrastructure

GSA Strategic Goal	Promote responsible asset management
GSA Strategic Objective	Develop, advocate and evaluate policies and best practices that enable better acquisition, management and utilization of Government resources.

Performance Goal   **Develop and promote performance measurement systems for Governmentwide use.**

Performance Measure: Number of areas with performance measurement systems

FY 1998 Baseline:	1 of 12
FY 1999 Target:	7 of 12
FY 1999 Actual:	7 of 12
FY 2000 Target:	11 of 12
Long-term:	12 of 12

Reasons for Success:

Two major factors leading to success in this area have been close cooperation with OMB and the various interagency committees and groups affiliated with OGP. The interagency committees in particular have been instrumental in establishing guidelines on what is to be measured, establishing common definitions for measures, and deciding appropriate sources of data to build the measures.

Another important factor in the establishment of performance measurement systems is the creation of government-wide management information systems that collect and store data on the various areas under OGP's purview. The data in these systems can then be used to make the measurements and compare the results to other agencies or industry standards. Without the management information systems already in place or soon to be in place, performance measurement would be a difficult process at best.

Furthermore, OGP's own commitment to developing and refining its internal performance measurement mechanisms through the use of the Balanced Scorecard will serve to further enhance our ability to achieve the FY 2000 target.

Performance measurement data for Fiscal Years 1996 and 1997 are not available.

Governmentwide Policy Infrastructure

GSA Strategic Goal	Excel at Customer Service
GSA Strategic Objective	Make Government policies and best practices timely, accessible and useful.

Performance Goal: Improve accessibility to shared databases and information on best practices and policies for Government, industry and the public's use.

Performance Measure: Number of information systems accessible via the Internet.

FY 1998 Baseline: 7 of 9
FY 1999 Target: 8 of 9
FY 1999 Actual: 7 of 9
FY 2000 Target: 9 of 9
Long-term: 100%

Reason for Unmet Goal:

Actual 1999 performance fell one short of the goal because the WorldWide Inventory of Real Property is not quite ready for the Internet yet. However, this inventory system will be available on the Internet in early fiscal year 2000. During FY 2000 and 2001, the Government Real Property Inventory Sharing (GRRIS) Program will further enhance OGP's ability to explore means for communicating real property information to the Federal Government.

With the Worldwide Inventory of real property, the Asset Disposition Management System (ADMS) and the FAIRS aircraft inventory system soon to be deployed via the Internet, achieving the FY2000 target of 9 out of 9 OGP programs with information systems accessible via the internet is a very realistic goal.

Performance Data for Fiscal Years 1996 and 1997 are not available.

Governmentwide Policy Infrastructure

GSA Strategic Goal	Anticipate Future Workforce Needs
GSA Strategic Objective	Develop policies and practices to facilitate safe electronic transactions within the Government and transactions with industry partners and the public.

Performance Goal **Establish policies, standards and best practices to help develop an interoperable, single face for Government electronic business transactions**.

The Federal Government's rapid transition to electronic processes raises a critical need to ensure that individual agencies do not become technologically "stove-piped" by developing proprietary administrative systems. In addition, the growth of the Internet and use of web technology have created a need to standardize business transactions so that the Government can operate efficiently with industry partners and the public in this new environment. OGP's mandate is to help the Government develop a common approach to the technological and administrative issues raised by the increasing use of electronic commerce.

Performance Measures: Number of Government-wide solutions developed and best practices recognized
FY 1998 Baseline: N/A
FY 1999 Target: 4
FY 1999 Actual: 4

Number of Government-wide guidelines developed
FY 1998 Baseline: N/A
FY 1999 Target: 3
FY 1999 Actual: 3

Number of Government-Industry collaborative efforts to develop interoperability standards
FY 1998 Baseline: N/A
FY 1999 Target: 5
FY 1999 Actual: 4

Number of Government-Industry information sharing initiatives
FY 1998 Baseline: N/A
FY 1999 Target: 5
FY 1999 Actual: 7

Reason for Unmet Goal:

Currently, much of Government's electronic business transactions are supported through the use of electronic data interchange (EDI) technology for machine to machine data transfers. The burgeoning growth and development of the Internet and related technologies (e.g. Web Browsers), coupled with changes in procurement legislation and regulations, has stimulated increased interest in streamlining end-to-end purchasing through the use of interoperable commercial and Government catalogs. To facilitate efficient use of these technologies, new standards for data transfer and catalog interoperability are rapidly emerging. Although the private sector is developing and applying new document and data transfer standards suitable for supporting their immediate supply-chain management needs, Government's needs have not yet been defined nor addressed. OGP is beginning to address these issues by establishing partnerships with standards-setting organizations such as CommerceNet, RosettaNet, and OASIS and will participate in the development of emerging Internet-based standards. In addition to the recently-completed study of standards such as eXtensible Markup Language (XML), OGP will form an interagency working group to re-evaluate the mission of the Federal Electronic Standards Management Coordinating Committee (FESMCC in the determination of Government's needs, development of standard Government business processes, and the development of Internet-based standards.

Performance data for Fiscal Years 1996 and 1997 are not available.

Support for Governmentwide Improvement Initiatives

GSA Strategic Goal	Promote Responsible Asset Management.
GSA Strategic Objective	Develop, advocate and evaluate policies and best practices that enable better acquisition, management and utilization of Government resources.

Performance Goal: **Establish and maintain a core curriculum of classroom and Internet-based courses and increase the number of training instances.**

OGP's Federal Acquisition Institute (FAI) is required to promote research to improve the procurement laws, policies and related procedures; to identify critical competencies and academic prerequisites for acquisition career fields; develop instructional materials for acquisition personnel; and evaluate the effectiveness of training and career development programs for acquisition personnel. In its ongoing effort to develop and maintain a core curriculum of courses, FAI is developing competency-based instructional materials for Internet-based training as part of a complete, on-line mentoring program. An increase in training instances will mean that the number of procurement specialists trained on the latest regulations and best practices will increase, resulting in a better-trained acquisition workforce.

Performance Measures:

Number of new Internet courses developed
FY 1998 Baseline: N/A
FY 1999 Target: 3
FY 1999 Actual: 4
FY 2000 Target: 1
FY 2001 Target: 4 (assuming funds are available)

Number of Training Instances[*]
FY 1998 Baseline: 849
FY 1999 Target: 2,500
FY 1999 Actual: 11,157
FY 2000 Target: 2,750
FY 2001 Target: 20,000

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[*] (A training instance is defined as one person completing on course session.)

Reason for Success

The original performance goal of establishing and maintaining a core curriculum of 6 classroom and Internet courses was changed: To enhance OGP's ability to serve its customers more efficiently and effectively, OGP stopped developing classroom courses in FY 1998, changed the FY 1999 performance target to reflect the development of 3 new Internet courses, and is now focussing solely upon developing internet courses.

OGP was able to achieve this level of success as a result of dialoguing closely with other Federal agencies to determine their needs and working with industry sources to ensure those needs are met. Through the collaborative process, OGP tries to get other agencies to adopt and implement a common core curriculum for their acquisition workforce in order to promote a common knowledge base and enhance the ability of acquisition professionals to move within and across agencies.

The FY 2000 targets are realistic and achievable.

Actual performance data for fiscal years 1996 and 1997 are not available.

Support for Governmentwide Improvement Initiatives

GSA Strategic Goal	Promote Responsible Asset Management
GSA Strategic Objective	Develop, advocate and evaluate policies and best practices that enable better acquisition, management and utilization of Government resources.

Performance Goal: **Improve the professional skills of present and future Federal IT leaders.**

OGP provides several professional development opportunities for Federal information resource managers, managing the "1,000 by the Year 2000" and Trail Boss programs, the Trail Boss Roundup and the Interagency Resources Management Conference (IRMCO). The "1,000 by the Year 2000" program seeks to have 1,000 Federal IT professionals receive certificates for 18 hours of graduate work by the end of Year 2000 from 28 participating colleges and universities. The Trail Boss program consists of two separate two-week seminars that advance the core competencies of the Federal government's program and project managers. Trail Boss Roundup and IRMCO enhance issue resolution and provide a venue for education and information sharing among government, academic and industry leaders. The forums directly impact program performance and mission delivery by improving these skills and competencies and producing highly skilled, effective and successful Federal IT leaders.

Performance Measures: Number of professionals in OGP IT leadership programs.

FY 1998 Baselines: 700 students enrolled in "1,000 by the Year 2000"
1,300 students completing Trail Boss seminars
130 participants at Trail Boss Roundup
250 participants at IRMCO

FY 1999 Targets: 850 students enrolled in "1,000 by the Year 2000"
1,400 students completing Trail Boss seminars
140 participants at Trail Boss Roundup
300 participants at IRMCO

FY 1999 Actuals: 857 students enrolled in "1,000 by the Year 2000"
1,383 students completing Trail Boss seminars
140 participants at Trail Boss Roundup
460 participants at IRMCO

FY 2000 Targets: 1,000 students enrolled in "1,000 by the Year 2000"
                    100 participants at Trail Boss Roundup
                    350 participants at IRMCO
                    40 STAR seminar participants

FY 2001 Targets: 1,100 students enrolled in "1,000 by the Year 2000"
                    100 participants at Trail Boss Roundup
                    375 participants at IRMCO
                    60 STAR seminar participants

Reason for Unmet Goals:

The below target results for the Trail Boss seminars reflect cancellation of some Trail Boss Seminars, a program which came to an end in Fiscal Year 1999. Resources are being redirected to the newly developed, more comprehensive strategic program called STAR (Strategic and Tactical Advocates for Results).

Although the Trail Boss Seminars ended in 1999, the Trail Boss network and its Trail Boss Roundup annual conference will continue. Replacing the Trail Boss seminar in FY 2000 is a new program being started by OGP in partnership with the CIO Council.This new program is called STAR or the Strategic and Tactical Advocates for Results program. STAR will focus on the development of mid- to upper-level managers and executives from the finance, information technology and business lines of an agency. It will focus on getting these communities to work together to achieve agency mission objectives more successfully.

The STAR program, Trail Boss Roundup, and its STAR Roundup equivalent will continue to be used to analyze data from broad-based Government-wide activities such as the Federal IT Workforce Challenge and interagency groups addressing the White House's efforts to advance training technology to determine IT professional development needs.

The targets for this measure are realistic and achievable.

Performance Data for fiscal years 1996 and 1997 are not available.

Support for Governmentwide Improvement Initiatives

GSA Strategic Goal	Excel at Customer Service
GSA Strategic Objective	Make Government policies and best practices timely, accessible and useful.

Performance Goal **Maintain a centralized database that contains sources of Y2K assistance, commercial Y2K-certified hardware and software, status of agency Y2K compliance, and Federal, State and local Y2K contingency plans.**

OGP helps Federal agencies respond to the Y2K problem by disseminating information via four web sites, providing access to a database of commercial off-the-shelf (COTS) products that are Y2K certified, and providing a database for the status of data exchanges between State and local government systems and Federal systems. Use of this information will allow agencies to expedite and reduce the costs of necessary Y2K repairs. OGP also provides information to State and local government and the private sector organizations preparing for the Year 2000.

Performance Measure: Number of Y2K products available in COTS database.

FY 1998 Baseline:	2,361 products	81* agencies	723 vendors
FY 1999 Targets:	No Target Established		
FY 1999 Actual:	2,371 products	17 agencies	757 vendors
FY 2000 Target:	2,457 products	17 agencies	809 vendors

*This number differs from 1999 because some agencies with multiple submissions with different names for the same agency were counted as separate agencies.

Please note that an actual performance target was set because there was no way to estimate the number of products. In addition, the COTS Database will not be maintained after March 2000.

Performance Measure: Percentage of Federal and State agencies providing information to the Data Exchange Database (DED).

        FY 1998 Baseline: 92%
        FY 1999 Target: 100%
        FY 1999 Actual: 99%*
        FY 2000 Target: 100%
        FY 2000 Actual: 99%*

The Data Exchange Database will no longer be updated. It will be transferred to GSA Information Security Office in GSA's National Capital Region by March 2000.

*This number represents Federal agencies. State percentages are not included.

Reason for Unmet Goal:

The percent of Federal agencies providing information to database fell 1 percent below its target because at the time actual performance data was collected, one Federal agency was awaiting final testing and certification results on a specific program.

However, since Y2K arrived with no major cliches, this performance goal and its accompanying measures have been dropped from the 2001 OGP Performance plan.

Support for Governmentwide Improvement Initiatives

GSA Strategic Goal	Anticipate Future Workforce Needs
GSA Strategic Objective	Develop policies and practices to facilitate safe electronic transactions within the Government and transactions with industry partners and citizens.

Performance Goal Provide a "single face" to industry to find opportunities to do business with the Federal government.

This "single face" is the Electronic Posting System (EPS) of the Acquisition Reform Network (ARNet), which is a central web site for acquisition regulations, policies and guidance. Industry, especially small businesses, will be able to search and download solicitations, register for e-mail notification of applicable opportunities, and eventually submit proposals electronically. Federal agencies will save money by eliminating the need for the production, mailing and coordination of paper-based solicitations. Agencies that currently have electronic posting systems will save money by using the EPS instead of maintaining their own.

Performance Measure: Number of agencies using the EPS system.

FY 1998 Baseline: 5
FY 1999 Target: 10
FY 1999 Actual: 12
FY 2000 Target: 20
FY 2001 & Beyond: 40

Reason for Success:

The keys to success for this measure are communication and collaboration with the agencies to ensure their needs are being met. An important strategy for FY 2000 will be to enhance and expand the utility of EPS. In addition, OGP will seek to refine the EPS software to ensure portability and scalability of the applications for Government-wide use. OGP will also work with the Department of Commerce to integrate the electronic Commerce Business Daily with EPS.

These enhancements and initiatives should make the FY 2000 target very achievable.

Performance data for Fiscal Years 1996 and 1997 are not available.

Support for Governmentwide Improvement Initiatives

GSA Strategic Goal	Anticipate Future Workforce Needs
GSA Strategic Objective	Develop policies and practices to facilitate safe electronic transactions within the Government and transactions with industry partners and citizens.

Performance Goal: **Provide a single Federal gateway to the Internet to make Government information more accessible to the public.**

To support the Administration's efforts to promote use of the Internet, OGP is developing "WebGov," will provide a single gateway site for quick and easy access to Government information over the Internet. WebGov combines consolidated information, hyperlinks and searching mechanisms to offer the public ready access to Governmentwide information on Federal policies, interactive learning modules, practices, guidance, web conferences and other assistance. This will save the public time in locating information and make it easier for agencies to share information with the public. WebGov is an integral part of the strategy of the FTS Public Good Infrastructure initiative.

Performance Measure: Number of links by WebGov to other web sites

FY 1999 Baseline: Develop beta version prototype website with 1,000 links to Federal sites.

FY 2000 Target: Develop classification of websites by topic and populate search database with at least 2,000 Federal websites.

FY 2001 & Beyond: Build links to 10,000 websites.

Two keys to success for this measure are the obtaining of the necessary contractor support to maintain and enhance the automated WebGov application and continued collaboration through the WebGov committee. OGP will continue to provide all of the analytical and system administrative support to develop and maintain the WebGov web site.

We have changed our measures from the number of visits to WebGov, to the number of links WebGov adds to reach other websites, because we believe this new measure is a more realistic indicator of WebGov success. Our revised performance goal for FY 1999 was met and the revised goals for FY 2000 and FY 2001 are realistic.

Performance data for Fiscal Years 1996 and 1997 are not available.

GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
FY 1999 PERFORMANCE REPORT

The Office of Inspector General was very successful in our efforts towards achieving each of the three strategic goals identified in the OIG fiscal year 1999 performance plan. We were particularly gratified with the outstanding compliments consistently received from our customers as was reflected in their ratings of the effectiveness of our audit services.

OIG Strategic Goal #1 Identify opportunities for increased economy and efficiency in Agency operations; assist management by identifying, recommending, and developing appropriate management improvements; and ensure that GSA programs provide optimum value for the taxpayers.

The Office of Audits was successful in achieving two Outcomes: improving the delivery of services to the Federal Supply Service (73%) and improving management information systems (100%). The PBS and FTS outcome measures were revised and one for Policy and Administration was added during the year so that we could better identify our efforts in activity areas intended to enhance the management and overall performance of GSA; and to more adequately align our performance activities to reflect the extent of OIG support related to the major strategic goals and business objectives of the Agency. Because these three outcome measures were established during the fiscal year, we were unable to obtain any measurable results during FY 1999. Thus, the actual results column shown below contains "N/A".

In terms of Output accomplishments, the audit report output was lower than planned (196 vs. 318) primarily because of GSA's pursuit of procurement initiatives to reduce the number of contracts the Agency awards annually by extending the life of individual contracts. This procurement initiative led to a reduction in the requests for preaward contract audit services, with a corresponding reduction to our projected contract reports (113 vs. 259). However, we were able to shift our resources to achieve a substantial increase in internal audit reports (83 vs. 59). Also, our estimated savings were significantly surpassed as a result of closures by successful negotiations and settlements of both current and prior period audit recommendations for cost avoidances and recoveries ($376 million vs. $172 million).

In assessing our performance for strategic goals 1 and 2, the percentages presented in the tables below for each outcome reflect the proportion of OIG products (audit reports, consulting/management assistance reviews, other programmatic evaluations, and investigative reports) for the specified area that

had an identifiable positive impact on improving Agency performance. We measured the impact our products had by the results of customer surveys and management's commitment to pursue our audit recommendations.

Type of Measure	Performance Measure	Performance Standard	Planned	Actual
OIG Strategic Goal #1:	**Identify opportunities for increased economy and efficiency in Agency programs and operations and assist management in identifying, recommending, and developing management improvements and ensuring optimum value for the taxpayer.**			

Outcome	1. Federal Supply Service
	
	    Timely Delivery
	    Optimum Value
			60%	73%

	2. PBS Asset Management
	    Stewardship
	    Sound Investment
	    Customer Satisfaction
			60%	N/A

	3. FTS/Technology
	    Timely Delivery
	    Optimum Value
			45%	N/A

	4. Management Information Systems
	    Program Efficiency
	    Data Reliability
	    Customer Satisfaction
	    Performance Measures
			55%	100%

	5. Policy and Administration Program Efficiency		N/A	N/A

Output	OIG Audit Reports
	    Total Reports
	    Avoidances & Recoveries
			318
			$172M
				196
				$376M

			$173M	$430M
	Management Decisions		$173M	$430M
	Internal Audit Reports		59	83
	Contract Audit Reports		259	113

OIG Strategic Goal #2 Protect the integrity of GSA programs and operations by preventing, detecting, and responding to waste and wrongdoing and by identifying and mitigating vulnerabilities, particularly those resulting from changes in the Agency's methods of doing business and from changing legal and administrative requirements.

The performance indicator key for the Office of Audits was to show a positive impact on improving the Agency's performance. We achieved outstanding success with commercial item acquisition (89%), but did not achieve the planned results with information systems/emerging technology (0%) because the only report we issued in this area was issued on the last day of the fiscal year and, therefore, inadequate management data exists for performance measurement purposes. We hope to see results from this report in FY 2000. The outcome measures for outsourced GSA activities and financial systems were modified during the year to better parallel GSA's evolving strategic goals and objectives as explained above; thus, no measurable results were obtained in FY 1999.

Type of Measure	Performance Measure	Performance Standard	Planned	Actual
OIG Strategic Goal #2:	**Protect the integrity of GSA's programs and operations**			
Outcome	1. Commercial Item Acquisition			
	Internal Control		50%	89%
	2. Information Systems/Emerging Technology			
	Internal Control		45%	0%
	3. Award and Administration of Outsourced GSA Activities			

Type of Measure	Performance Measure	Planned	Actual
	Internal Control	50%	N/A
	4. Financial Systems Internal Control	45%	N/A

The Office of Investigations was successful in attaining eight of our nine outcome performance measures during FY 1999. As shown below we exceeded our goals of performing investigations that had impact upon the agency and its goals. Currently we evaluate impact internally. We are currently evaluating this measurement tool and plan on redefining it in the future so as to make it even more meaningful.

Type of Measure	Performance Measure	Planned	Actual
OIG Strategic Goal #2: Protect the integrity of GSA's programs and operations.			
Outcome:	1. Commercial Item Acquisition Integrity	80%	100%
	2. Information Systems/Emerging Technology Integrity	80%	100%
	3. Financial Systems Integrity	80%	100%

Output:

When measuring our defined outputs we exceeded four of the eight categories. As shown in the table below our investigative efforts has resulted in 450 referrals for action and recoveries of approximately $5.3 million. Our shortfalls in the other categories are the result of many factors, many of which are outside the control of our agents. These shortfalls greatly resulted from court actions requiring sealed indictments/convictions that also impacted suspension/debarment referral actions.

Type of Measure	Performance Measure	Planned	Actual

OIG Strategic Goal #2: Protect the integrity of GSA's programs and operations			
Output:	No. of Criminal Referrals	102	103
	No. of Civil Referrals	21	28
	No. of Administrative Referrals	258	319
	Civil Settlements	12	7
	Indictments/Informations	36	16
	Successful Criminal Prosecutions	34	16
	Contractors Suspended/Debarred	93	57
	Investigative Recoveries	$4.5 Million	$5.3 Million

OIG Strategic Goal #3 was to: Improve the delivery of the OIG work products, in terms of quality of service to our customers (effectiveness), as well as speedier audit service (timeliness) and improved use of audit resources (efficiency).

Our effectiveness was measured by customer surveys, and our efficiency was measured against an expected average number of days and hours to complete each audit. As mentioned earlier, our customers' ratings of the effectiveness of our audit services were very high, and substantially above the planned standards and goals. For the five quality performance measures, we exceeded the 4.0 standard 88% to 96% of the time. Overall, we exceeded the established standards or were not lower than 15% from meeting the standards for 14 of the 26 efficiency performance measures identified for the various types of contract and internal audit reviews performed.

In general, while there is a need to continuously improve upon our audit processes for delivering value added services, we can attribute our inability to successfully achieve targeted goals to a number of reasons. Many of these may very well surface again in a constantly changing environment of Agency re-invention and Government-wide reform. During FY 1999, some of our work in reviewing Agency operations and contractors did not meet some of the performance standards because of:

- critical staffing losses,
- the difficulties in hiring and training new employees and the resulting inefficiencies,
- the changing management demands on our services,
- delays caused by the external organization being audited, and
- the absence of timely status reports on work-in-process due to the difficulties and delays in upgrading our management information system.

The occurrence of any one of these problems, or a combination of them, had a negative impact on our ability to meet the standards.

While these circumstances and operational problems affected all of our work to varying degrees, we also noted during our analysis that another factor to be considered was the small number of audits in some categories. For example, in FY 1999 we issued only one advisory audit report. By not meeting the standards on this one audit, we did not meet the standards for all advisory audits. In another category, we issued only three consulting reports and we were 100% successful in meeting the hours standard. We reported, however, that none of the audits met the 60-day standard. While we missed the days standard by just six and eight days on two of the consulting audits, the resulting zero percent as shown allows no tolerance. Another example is preaward MAS audits, where we missed both the days and hours standards for the six reports we issued. Two of these missed the days standard by three days and a third missed by five days. Also, one preaward MAS audit missed the hours standard by nine hours.

With some operational improvements and adjustments to better manage our audit program in these and other types of contractor and Agency reviews, we would have been able to report a more acceptable range of percentiles in meeting our set standards.

Type of Measure	Performance Measure	Performance Standard	Planned	Actual

OIG Strategic Goal #3:	Improve the delivery of OIG work products in terms of customer satisfaction, timeliness and improved efficiency.			
Outcome	Effectiveness – Customer Surveys	Scale: 1-5 (5 High)		
	Meets Customer Needs	4.0	75%	96%
	Customer Understanding	4.0	75%	92%
	Relevancy	4.0	70%	94%
	Perception/Timeliness	4.0	70%	88%
	Value Added	4.0	75%	91%
	Efficiency – Timeliness			
	Cost/Price	30 Days	45%	31%
External				
	Preaward MAS	30 Days	65%	25%
	Postaward MAS	270 Days	65%	75%
	Claims	80 Days	60%	50%
	Program Review	320 Days	65%	55%
Internal				
	Management Control	180 Days	40%	45%
	Regulatory	180 Days	85%	40%
	Preventative	180 Days	45%	55%
	Regional Plans	180 Days	65%	59%
	Regional Plan - Major	180 Days	50%	N/A
	Advisory	180 Days	60%	0%
	Consulting	60 Days	60%	0%
	Systems	320 Days	65%	60%
	Efficiency - Hours/Task			
	Cost/Price	160 Hours	70%	43%
External				
	Preaward MAS	160 Hours	60%	38%
	Postaward MAS	600 Hours	70%	63%
	Claims	380 Hours	70%	57%
	Program Review	5,000 Hours	65%	73%
Internal				
	Management Control	1,800 Hours	60%	27%
	Regulatory	600 Hours	60%	40%
	Preventative	850 Hours	65%	73%
	Regional Plans	850 Hours	60%	59%
	Regional Plan - Major	1,800 Hours	50%	N/A
	Advisory	2,000 Hours	60%	0%
	Consulting	640 Hours	60%	100%

		Systems	5,000 Hours	60%	20%

When measuring the timeliness of our investigations we were pleased to attain our goals in five out of the six categories, missing only in Class I administrative investigations. We will continue to strive to meet these timeliness goals which we believe to be a critical element to providing a valuable product to our customers. We will continue to push to exceed these goals and provide the best possible service to the agency and our customers.

Type of Measure	Performance Measure	Planned	Actual
OIG Strategic Goal #3: Improved delivery of OIG work products			
Outcome:	*Class I*		
	Fraud Crimes (540 Days)	60%	95%
	Debarment/Suspension (60 Days)	65%	83%
	Administrative (180 Days)	65%	60%
	Class II		
	Fraud Crimes (270 Days)	60%	81%
	Debarment/Suspension (45 Days)	65%	67%
	Administrative (90 Days)	65%	86%

We have also established performance measures for our Counsel to the Inspector General, our internal evaluations review office and our administrative offices.

Type of Measure	Performance Measure	Performance Standard	Planned	Actual
OIG Strategic Goal #3	**Improved delivery of OIG work products**			
Counsel:	Audit Reviews	120 days	75%	100%
	FOIA/PA Requests	30 days	60%	80%
Evaluation	Field Office Appraisals	60 days	60%	67%
Administrati	Systems Availability *1	365 days	95%	97%

on				
	Provide Information Resources *2	5 days	92%	92%
	Customer Satisfaction *3	4.5	4.2	4.3
Financial	Budget Reports	12 days	90%	100%
	App Fund Reports	5 days	90%	100%
	No Year Fund Reports	5 days	90%	100%
	Administrative Reports	30 days	95%	90%
Procuremen t	Credit Card	30 days	97%	98%
	Procurement	30 days	96%	98%
	Resource Transactions	30 days	96%	95%
Human Res	Personnel Actions	30 days	80%	90%
	General Services	30 days	80%	90%

Note *1 Systems availability – Provide a stable and robust computing environment to the users of the OIG personal computers and management information systems.

Note *2 Provide Information Resources – Provide technical assistance to OIG staff via the OIG IT Help Desk for requests covering software, hardware, and IT development support and analysis and to subsequently provide products ands services to OIG customers.

Note *3 Customer Satisfaction – Provide a measurable level of customer satisfaction with IT technical assistance as determined by routine random surveys.